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Daily Report

LAST ISSUE

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LAST ISSUE

Central Eurasia

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Daily Report
Central Eurasia

FBIS-SOV-96-156 *12 August 1996*

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CIS: ITAR-TASS Carries Press Review for 10 Aug

LD1008071096 Moscow ITAR-TASS in English 0635 GMT 10 Aug 96 .

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 10 (Itar-Tass) — The Saturday focus of the Russian press is on the August 9 inauguration ceremony of President Boris Yeltsin for the second term.

Newspapers report Yeltsin's decree on resignation of the government and nomination of Viktor Chernomyrdin for the second term of premiership.

The State Duma, or the lower house of parliament, meets today for an extraordinary meeting to approve or reject Chernomyrdin in a secret vote.

Nezavisimaya Gazeta says "estimates suggest that the vote required for the approval of the premier is in principle available".

The Komsomolskaya Pravda daily predicts a heated debate over Chernomyrdin, but also a final majority of votes for him. Most of the Duma's pro-communist faction and, understandably, the Our Home is Russia faction, of which Chernomyrdin is the parent, are thought to make the majority.

Chechnya remains in the spotlight.

"Chechen seperatists are controlling Groznyy. The Russian leadership looks apathetic and helpless," the Segodnya newspaper says.

"On the day of swearing in the Russian president-elect, the Chechen separatists have seized several governmental buildings in the Chechen republic," reads the headline of Nezavisimaya Gazeta.

"City Life Goes into Basements" is the headline of the Trud daily.

"In the layered cake of Groznyy, in bloody street fights, increasingly more human cannon-fodder is being minced into the stuffing," Komsomolskaya Pravda says.

"The best are being exterminated — soldiers, officers, policemen. The last stronghold of the state, the youth, the future of the country," Komsomolskaya says.

The military daily Krasnaya Zvezda describes the situation in Grony as "very complex" and cites Viktor Chernomyrdin, who said on Friday that tough action is needed against the Chechen rebels.

The daily also publishes the report of the Itar-Tass news agency from Washington, relaying the denunciation of the recent rebel hostilities by the U.S. Administration.

The Communist newspaper Pravda also speaks of the tragic developments in Groznyy.

The Izvestiya daily gives the floor to Russian ultra-nationalist Vladimir Zhirinovskiy, who comes up with his article "New Songs about the Main Thing".

Izvestiya also introduces to the readership Yuriy Dubinin, a newly appointed Russian ambassador to Ukraine. Dubinin is a career diplomat, who retains the post of deputy foreign minister.

The Trud daily describes massive thefts at defense factories of Izhevsk.

Sovetskaya Rossiya publishes proceedings of the founding conference of the Popular Patriotic Union of Russia, a newborn hardline coalition led by Nikolay Ryzhkov.

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Russia: Yeltsin, Ukrainian President Meet 9 Aug

LD0908115196 Moscow INTERFAX in English 1133 GMT 9 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 9 (Interfax-Ukraine) — Ukrainian President Leonid Kuchma had a short meeting with Russian President Boris Yeltsin in Moscow Friday, press secretary of the Ukrainian president Dmitriy Markov told Interfax-Ukraine. Kuchma came to Moscow to attend the ceremony of Yeltsin's inauguration.

Markov said this meeting will help to open a new stage in the negotiation process between Ukraine and Moscow.

Russia: Ukrainian President Meets Other CIS Presidents in Moscow

LD0908132196 Moscow INTERFAX in English 1252 GMT 9 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 9 (Interfax-Ukraine) — Ukrainian President Leonid Kuchma had several meetings with heads of CIS countries in Moscow in the morning of August 9. Kuchma came to Moscow to attend the ceremony of Russian President Boris Yeltsin's inauguration.

While meeting with Moldovan President Mircea Snegur, Kuchma discussed bilateral cooperation, in particular, economic relations between Ukraine and Moldova, press secretary of the Ukrainian president Dmitriy Markov told Interfax-Ukraine.

Snegur expressed satisfaction with the results of the recent meeting between Kuchma and Moldovan Prime Minister Andrei Sangheli in Crimea. The officials agreed on supplies of Ukrainian coal to Moldova and solved several other issues related to economic relations.

Ukraine's Foreign Minister Hennadiy Udovenko had a short conversation with Snegur the same day in Moscow. They, in particular, spoke of the visit of Transdniestr leader Igor Smirnov to Kiev, scheduled for August 14-15. In addition, Udovenko and Snegur discussed settlement of the Transdniestr situation.

Ukrainian President Leonid Kuchma also met with Kazakh President Nursultan Nazarbayev in Moscow on August 9. The officials exchanged opinions on the state of bilateral relations and on their further intensification.

Nazarbayev invited Kuchma to visit Almaty at any time convenient for Kuchma.

Kuchma is also expected to meet with Belarusian President Alyaksandr Lukashenka.

Russia: Yeltsin, Tajik President Discuss Relations

LD0908213196 Moscow Mayak Radio Network in Russian 2100 GMT 9 Aug 96

[FBIS Translated Text] Russian President Boris Yeltsin, after being inaugurated as head of state on Friday, held a number of meetings with CIS leaders. During the meeting with Tajik President Emomali Rakhmanov, in which Russian Prime Minister Viktor Chernomyrdin also take part, the participants confirmed their readiness for further deepening their traditional relations of friendship between states.

Russia: Tajik Leader Meets Defense Minister Rodionov, Others

LD1108123396 Dushanbe Radio Tajikistan Network in Russian 1000 GMT 11 Aug 96

[FBIS Translated Text] Our Tajikistani President Emomali Rakhmanov, who is in the Russian capital to attend [Russian President] Boris Yeltsin's inauguration, has met the Russian Defense Minister, Igor Rodionov, at [Rakhmanov's Moscow] residence. As the president's press secretary emphasized, this was the first meeting between the head of the Russian Defense Ministry and the President of Tajikistan since Rodionov's appointment to this post.

During the detailed and friendly conversation there was an interested exchange of views on a wide range of issues relating to the activity of the collective peacekeeping forces in Tajikistan and the development of the situation on the Tajik-Afghan border.

The question of cooperation in the military field was also under consideration, including training of Tajik personnel to form Tajikistan's young military forces, supplies of military equipment, and other issues of mutual interest.

President Emomali also met the chief of the Russian Federal Border Service, Andrey Nikolayev. During the meeting, they touched mainly on issues relating to the situation on the Tajik-Afghan border. The sides expressed their serious anxiety in connection with the concentration of armed units of the Tajik opposition on the Afghan side of the border. In this context, Rakhmanov and Nikolayev both advocated taking urgent and additional measures to reinforce the guard on the Tajik-Afghan border.

A meeting between President Rakhmanov of Tajikistan and the chief of the Russian Federal Security Service, Nikolay Kovalev, is also planned, KHOVAR reports.

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Russia: OSCE Calls For Immediate Cease-Fire in Chechnya

LD0908152396 Moscow ITAR-TASS in English 1433 GMT 9 Aug 96

[By Konstantin Pribytkov]

[FBIS Transcribed Text] GENEVA, August 9 (Itar-Tass) — A call for immediate ceasefire in Chechnya to save lives and resume the disrupted negotiations was made to the warring sides by Flavio Cotti, acting chairman of the Organisation for Security and Cooperation in Europe (OSCE), head of Switzerland's Federal Department of Foreign Affairs.

In a statement circulated in Bern, Cotti stressed that the group of assistance to the OSCE which has played an important role in the negotiating process is ready to assist the parties in the conflict to make it easier to achieve the ceasefire and resume negotiations. Cotti expressed profound concern over a new flare-up of severe fighting in the Chechen capital. He believes these military actions mean a breach of obligations by the parties under the Moscow and Nazran accords reached two months ago and make civilian population in Groznyy suffer.

Cotti condemned the use of force in conflicts. He believes the present violence and its consequences jeopardise peace process in Chechnya. The OSCE head urged the warring sides to cease fire to save lives and resume the disrupted negotiations. He expects the conflicting sides to give guarantees of immunity and security to representatives of OSCE in Groznyy.

Russia: U.S. Disappointed by Russia's Absence From NATO Exercise

MK0908072695 Moscow SEGODNYA in Russian 8 Aug 96 p 7

[Report by Nikolay Zimin: "Russia Declines Participation in NATO Military Exercises"]

[FBIS Translated Text] Cooperative Osprey-96, the second military exercises under the NATO Partnership for Peace program, will be held at the Camp Lejeune U.S. Armed Forces training center in North Carolina between 12 and 30 August. Taking part will be about 1,000 servicemen from the United States, Canada, the Netherlands, Denmark, Austria, and 18 former socialist and East European states and states of the ex-USSR. The Central Asian republics of Kazakhstan, Uzbekistan, and Kyrgyzstan will be taking part in the maneuvers for the first time.

The exercises mainly consist of practicing coastal rescue operations and peacekeeping. Although the upcoming maneuvers are not exceptional in scale, the NATO leadership attaches great political importance to them. U.S. General John Sheehan, commander in chief of NATO allied armed forces in the Atlantic, held a news briefing for foreign journalists in Washington on Cooperative Osprey-96.

Russia, which took part in the first such maneuvers last year in Louisiana, is not taking part in the upcoming ones. This seems to have bewildered or even hurt General Sheehan. "I was in Moscow seven weeks ago," he stated to your SEGODNYA correspondent. "I met with Defense Ministry heads and Navy commanders. I urged Russia to participate. They said no. We offered Russia observer status. Only to hear no again. I would like to urge Russia, through the free Russian press, to participate in this sort of undertaking to deepen understanding between us. This would be very useful."

Your SEGODNYA correspondent asked the NATO commander in chief how much the exercises will cost and who is picking up the bill of the former Soviet republics taking part in the exercises. In Sheehan's words, the cost is minimal owing to the limited scale of the maneuvers — about $8.5 million. The main expense is bringing the subunits to the site of the exercises. The Central Asian republics' servicemen and defense ministers will be flown to North Carolina by U.S. Air Force planes using funds from the Atlantic command's budget.

Russia: Moscow Sees U.S. at Odds With Allies on Sanctions Act

NC1008175096 Moscow Voice of Russia World Service in Persian 1500 GMT 10 Aug 96

[Commentary by Aleksandr Koshnir from "The World Today" feature]

[FBIS Translated Text] Dear listeners. Facts and figures indicate that most of the U.S. allies are not willing to move unconditionally within the orbit of U.S. policy.

These countries' reaction to the sanctions act against foreign companies that invest in the oil and gas industries of Iran and Libya is a testimony to the veracity of the aforementioned statement. U.S. President Bill Clinton signed this bill last Monday [5 August]. By accusing these two countries of involvement in terrorist operations, it seeks to deprive these countries of foreign investment and to prevent their industrial development in these two fields.

This will yield immense benefits to the oil-producing [words indistinct] of the United States and to their business partners in some Arab countries. However, despite the leadership role of the United States in

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Western economic and political-military organizations, the U.S. claims of being the sole center of world energy have been impotent in convincing its allies this time.

Irish Foreign Minister Dick Spring, who holds the presidency of the European Union for six months, stated: The discriminatory act that has been approved against non-American countries investing in the oil and gas industries in Iran and Libya is radically incorrect. In the official statement issued in Dublin, it was stressed that this decision, which was adopted on the pretext of combating international terrorism, was not discussed first with the companies of the 15 EU member countries and is in contravention with the spirit of EU-U.S. relations. It will certainly mar mutual relations.

Dick Spring stated: The U.S. concern on the proliferation of terrorism is quite understandable, but any action in this regard should be taken by eliciting the concurrence of the international community and the interests and rights of other countries should not be trampled underfoot. He recalled that EU member countries had openly protested against this bill earlier and had developed a plan for reciprocal measures regarding the U.S. discriminatory law on trade with Cuba.

Dick Spring said: Washington's policy on Iran and Libya will meet the same reaction from the EU.

Information has been received from reliable sources that the EU members are planning to assess necessary moves for defending their interests in Libya and Iran, against the U.S.' extraterritorial actions, and to emphasize the same at the next EU foreign ministers' session on 7-8 September in Dublin.

In conclusion, we should remind you that the sanctions act that the United States has ratified against foreign companies condemns investment in Iran and Libya, not only by EU countries but also by most countries that enjoy immense credibility on the international level. We are referring to Russia, Japan, the PRC, Brazil, and many other countries.

As we all know, under such circumstances the United States has not dared to take bold action, and it has been announced in Washington that the United States will display flexibility in the implementation of this legislation.

Russia: Dubinin Posting to Kiev Suggests 'Conservative' Line

MM0908143196 Moscow IZVESTIYA in Russian 10 Aug 96 p 3

[Report by Konstantin Eggert: "Office Being Prepared in Kiev for Primakov's Deputy"]

[FBIS Translated Text] President Yeltsin has appointed 66-year-old Yuriy Dubinin the new Russian ambassador to Ukraine. He retains the post of deputy foreign minister.

Dubinin will replace the first head of the Russian mission in Kiev, Leonid Smolyakov. The new ambassador is a career diplomat with an unusual track record. In a career of more than 30 years he headed the USSR's embassies in Spain, the United States, and France, and for a short time (in 1986) was the Soviet Union's permanent representative to the United Nations.

This brilliant career came under a cloud in August 1991. As ambassador to France, Dubinin came out in support of the SCSE [State Committee for the State of Emergency], and in effect he paid for this with his post and was forced to justify himself to the public. But, soon after, he was appointed special envoy. He became head of the Russian delegation to the interstate talks [with Ukraine], winning a reputation in Ukraine as an uncompromising diplomat.

Dubinin's new appointment indicates first and foremost that people with conservative views feel very comfortable under Yevgeniy Primakov. Furthermore, in the opinion of many experts, this is an unequivocal signal to Kiev: Moscow continues to regard Ukraine as a dependent state.

"Primakov has declared that relations with the CIS countries are a priority for Russia. The posting of Dubinin, an older man known for his imperial convictions, to Kiev makes us doubt that," one Western diplomat noted in conversation with your correspondent.

The Foreign Ministry disagrees categorically with that view of things. "The delegation headed by Dubinin achieved great success. More than 100 interstate agreements — that is the result of its work, including documents settling the problem of the withdrawal of nuclear weapons from Ukraine," one of our interlocutors on Smolenskaya Square believes. "The ambassador's 'imperialism' was invented by certain Ukrainian journalists. I think Kiev should be satisfied with the arrival of a diplomat with such an impressive track record." And, let us add on our own account, with such a unique rank.

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Russia: Russia 'Will Manage' Without Conditional IMF Loan

MM1208131696 Moscow RABOCHAYA TRIBUNA in Russian 10 Aug 96 p 2

[Commentary by Aleksey Myasnikov under the "View of the Situation" rubric: "We Need Money. But We Need Partners Even More"]

[FBIS Translated Text] Granting a loan or not is, of course, an economic matter. There would be no need to make that point were it not the IMF on the one side and Russia on the other. Our country asked for the loan. Everything seemed to have been agreed when the IMF suddenly struck a pose, asking: How is the tax situation in your country?

"The IMF will postpone the allocation of the next tranche of the $330-million loan until the situation regarding tax receipts in the Russian Federation is clarified," THE NEW YORK TIMES announced, citing the IMF and the U.S. Administration. As is well known, the IMF is under the complete control of the U.S. Administration.

What does America want from us? Does it want to ensure that everything is in order in our country? Well, we want that ourselves. Among other things we already have a draft Tax Code. Passions are running high, work is in progress. Whether it is good or bad is Russia's internal affair.

Stanley Fisher, deputy executive director of the IMF, states: "We will probably postpone the allocation of the tranche and then try to make up for lost time. I do not think that we will miss the deadline if everything goes according to plan."

Fisher is trying to pull a fast one. Everyone knows that the IMF is just as interested in giving loans to countries like Russia as those countries have in seeking them. Consequently the "benefactor's" condescending tone seems not quite appropriate here.

There is no denying that the country is in need. Not of credits but of investments. What it needs is not millions but hundreds of billions of dollars to reform and develop the economy. It is not a question of the figures but of persuading Western capital to participate in our economy. That requires us to create the political and legal conditions for the profitable and secure investment of resources. Then the investors will come.

This is primarily a question of private capital: The world's money is in its hands. The distinctive feature of this money is that you do not have to go looking for it: It comes of its own accord. As for interstate relations, they are a matter not of economics but of politics. The IMF seems to be concerned with investing resources in a way that makes it possible less to resolve economic tasks than to dictate political terms.

Russia will manage somehow without the $300 million. The country does not need money, it needs partners to work together to resolve national economic tasks on mutually beneficial terms. Each state sorts out its taxes in its own way. That is a country's internal affair.

Russia: Vice Premier Davydov Interviewed on Trade Mission Cutbacks

MM0908113396 Moscow FINANSOVYYE IZVESTIYA in Russian 6 Aug 96 p 1

[Report on interview with Vice Premier Oleg Davydov by Aleksey Portanskiy; place and date not given: "Moscow To Cut Number of Trade Missions Abroad"]

[FBIS Translated Text] Vice Premier Oleg Davydov talks to FINANSOVYYE IZVESTIYA observer Aleksey Portanskiy about the change in the structure of foreign trade missions.

The Ministry for Foreign Economic Relations has decided to suspend Russian trade missions' work in 34 countries, concentrating their functions in embassy commerce counselors' apparatuses. The corresponding proposal to cut trade missions will be submitted to the government any day now, the head of the Ministry of Foreign Economic Relations reported.

Only a year to a year and a half ago Russia had 130 trade missions abroad. Trade representatives will now be working in only 91 countries although only 27 "proper" trade missions will remain, above all in industrially developed G-7 states and in strategically important countries with which Russia has traditionally had a large trade exchange (India, Iran, and others). In approximately 20 countries trade missions will be converted into a trade adviser's office at Russian embassies and in 44 countries, as in Switzerland for example, only embassy commerce counselors will be left.

Explaining the purpose of what is the most radical reduction in the foreign trade foreign apparatus in recent years, Oleg Davydov noted that it is a consequence of the change in the functions of the ministry itself in reform conditions. While previously the Ministry of Foreign Economic Relations (or its predecessor the Ministry of Foreign Trade) was engaged in actual buying and selling, for which the corresponding foreign missions were needed, now its 22 foreign economic state associations which conduct trade abroad account for only 15 percent of the total volume of foreign trade. The rest of foreign trade is now carried out directly by Russian enterprises and companies, which have already

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gained experience, and major firms have their own offices abroad.

But the Ministry of Foreign Economic Relations' main task is to pursue a trade policy in tandem with overall political objectives, which requires a high degree of coordinated effort. So far this has been achieved more here in Moscow than abroad. Now the ambassador abroad, as the main figure, will also coordinate the work of all departments including the foreign economic department while retaining the operational subordinate status of trade missions or Ministry of Foreign Economic Relations trade advisers.

Obviously, given the liberalization of foreign economic activity the Ministry of Foreign Economic Relations can carry out its work abroad with fewer personnel, the vice premier stressed, which we have already been able to see for ourselves in the last two years, when a cut in the ministry apparatus occurred both in Moscow and abroad, although it in no way affected foreign trade indicators.

As a result of the planned reform of foreign trade missions the Ministry of Foreign Economic Relations intends to reduce expenditure on staff wages by one-third, and it is proposed to ax over 300 people. Moreover, the Ministry of Foreign Economic Relations has other pressing tasks whose implementation requires resources, for example the creation of a foreign trade data bank accessible to the entire country.

It can be added to what the vice premier said that no measure to reduce the Ministry of Foreign Economic Relations, especially its foreign missions, has come very easily. Some existing trade missions where there are fairly influential people, former ministers, and even vice premiers, have expressed a directly opposite viewpoint, trying to prove the need not only to maintain but also to strengthen trade missions in the new conditions. The budget crisis was undoubtedly the catalyst for the decision that has been made.

Russia: Moscow To Open Representative Office in Taiwan in Oct

LD0908152696 Moscow ITAR-TASS in English 1434 GMT 9 Aug 96

[By Vyacheslav Bantin]

[FBIS Transcribed Text] TOKYO, August 9 (Itar-Tass) — A Russian representative office is expected to open in Taiwan in October, reports from Tokyo quoted a Taiwan Foreign Ministry spokesman as saying at a news conference in Taipei on Friday.

The Taipei-Moscow commission for economic and cultural cooperation opened an office in Moscow in 1993. However, the opening caused problems, and the appearance of Taiwan representatives in Russia in 1996 seemed doubtful.

Russia, recognising Taiwan as part of China, is trying to develop trade and economic relations with it. Beijing, however, regards it as a renegade province and denies it a right of pursuing an independent foreign policy.

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Political Issues

Russia: Yeltsin To Work in Kremlin Throughout Week

LD1208103496 Moscow ITAR-TASS in English 1025 GMT 12 Aug 96

[FBIS Transcribed Text] Moscow, August 12 (ITAR-TASS) — Russian President Boris Yeltsin is working today in his Kremlin office and will stay at work throughout the week, the presidential press service said on Monday.

So, it denied reports that the president is beginning his holidays already today, presumably going to the Russian northern resort area of Valday.

The press service added that although indeed Yeltsin is planning to start holidays from next Monday, he has not decided yet where he will go.

Yeltsin met head of his administration Anatoliy Chubays on Monday to discuss the oncoming elections of Russian regional governors and the situation in Russia's Far East, the press service said.

Russia: Yeltsin Issues Statement on Mourning Day for Groznyy

LD0908185096 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 9 Aug 96

[From the "Vremya" newscast]

[FBIS Translated Text] We have just received the statement of the president according to which tomorrow, 10 August, has been declared a day of mourning. In the statement of the president it is stated, I will read this statement:

A large-scale provocative military action has been carried out in Groznyy by terrorist formation forces. Peaceful citizens are dying, residential homes and state institutions are under fire. Deeply upset by every news about losses among peaceful citizens and their defenders, I express my deep condolences to the families and close ones of those killed.

Very recently, at the high ranking international summit, such actions were termed as international terrorism. The actions of the fighters in Chechnya are not only an internal affair of Russia, but a direct challenge to the world community.

It all shows that the bandit attacks on the town was carefully prepared and it was carried out with the aim of derailing the peaceful process of a settlement in the republic. I state that I will not allow the use of language of blackmail with the federal powers. Terrorist raids will be resolutely crushed. Even in this difficult situation, I continue to insist that there is no other way of resolving the conflict in Chechnya other than by peaceful negotiations started by me in Moscow on 27 May.

Today it is early to talk about miscalculations that have led to the escalation of the armed operations and human losses. But it is clear that the leadership of the Chechen republic, and representatives of the federal departments allowed crude miscalculations in assessing the situation and the capability of the fighters.

I have instructed the state organs of the Chechen republic in cooperation with federal bodies to crush the actions of the armed terrorists and to create the necessary conditions for continuing the peace and political process.

Viktor Stepanovich Chernomyrdin, the chairman of the state commission for a settlement of the crises in the Chechen republic, has been instructed to convene on 11 August, a session of the state commission and to establish the circumstances and those responsible for the incidents and to outline measures to be taken.

[Signed] Boris Yeltsin, president of the Russian Federation
[Dated] 9 August 1996

Russia: Government Statement Issued on Fighting in Groznyy

LD0908164996 Moscow ITAR-TASS World Service in Russian 1556 GMT 9 Aug 96

[FBIS Translated Text] Moscow, 9 Aug (Itar-Tass) — The government of the Russian Federation issued a statement today. The document says:

"On 6 Aug 1996, military groups of illegal armed formations acting on the territory of the Chechen Republic violated the Moscow and Nazran agreements on the peaceful settlement of the crisis in the Chechen Republic signed by Yandarbiyev and Maskhadov, and on their direct orders have stormed into Groznyy.

"The bandits, armed to the teeth, are robbing and killing peaceful citizens, continuing the genocide against their own people. They are trying to seize hospitals, administration offices and government buildings and to destroy vitally important facilities such as communications and water and power supplies.

"Peaceful civilians as well as servicemen are dying and suffering as a result of these criminal actions. Many families in the Chechen capital are again being forced out of their homes and become refugees.

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"Confirming its adherence to peaceful means for settling the crisis in the Chechen Republic, the government of the Russian Federation states that this provocation is another large-scale terrorist act which is aimed against stability in Russia, leads to an escalation of the conflict, and is a challenge to the whole of the world community.

"The government of the Russian Federation states that the federal powers of the Russian Federation remain consistent supporters of the plan for peaceful settlement of the crisis in the Chechen Republic that was approved by the president of the Russian Federation Boris Yeltsin, and appeals to the population of the Chechen Republic to demonstrate endurance, courage, and prudence.

"The government of the Russian Federation expresses deep sympathy to the families of the servicemen and the workers of the interior affairs bodies who were killed and to the civilians in the Chechen Republic that have lost relatives and friends, and assures that it will do everything possible to stop the bloodshed and free Groznyy of the bandits as soon as possible," the statement says.

Russia: Chernomyrdin Calls For Talk on Chechen Settlement

LD1108170496 Moscow ITAR-TASS World Service in Russian 1538 GMT 11 Aug 96

[By ITAR-TASS correspondents Gennadiy Yezhov and Natalya Kosaryeva]

[FBIS Translated Text] Moscow, 11 Aug (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin today instructed the country's Justice Ministry "to draw up the necessary documents to introduce a state of emergency in Groznyy if this proves necessary." The prime minister stressed that this should be done within two to three days.

The appropriate procedure can be observed when carrying out this measure, Viktor Chernomyrdin said, that is, there should be a presidential decision that is then confirmed by the Federation Council, and also with the holding of consultations with the military and coordinating the matter with the leadership of the republic.

Speaking at the session of the State Commission, Viktor Chernomyrdin stressed that the conclusions reached today "will lead to decisive actions and radical measures should be taken." The prime minister said that it was absolutely necessary to give an assessment of the exacerbation of the situation in the republic and this may be done in the very near future.

Making the concluding speech, Viktor Chernomyrdin stressed that it was necessary to stabilize the situation and then to move over to a negotiating process: "First of all we will resolve the situation in Groznyy, but we cannot avoid holding talks." "As far as concerns the integrity of the state, there is no need at all to link this with what has happened," the prime minister stressed.

In the next few days, on Thursday or Friday, Viktor Chernomyrdin said, there will be another meeting, but with fewer taking part. It is necessary to return to a more detailed examination of the questions of a Chechen settlement.

"I believe," the prime minister stressed, "that the military group should now be strengthened before resolving the situation in Groznyy. The ministers of Defense and internal affairs need to act."

Russia: Premier Tasks Justice Ministry With Groznyy Emergency Rule

LD1208112096 Moscow INTERFAX in English 1057 GMT 12 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 12 (Interfax) — The Russian Justice Ministry has three days to work out guidelines on the imposition of emergency rule in the Chechen capital of Groznyy, Russian Prime Minister Viktor Chernomyrdin told an extraordinary meeting of the State Commission for Chechen Settlement, of which he is the chairman.

The State Duma has passed a resolution to this effect, he said, but a final decision is to be taken by the president and approved by the upper house of the Russian parliament, he said.

Radical steps must be taken to settle the Chechen conflict, Chernomyrdin said. Much of what the commission has done has not brought an end to the crisis any closer, Chernomyrdin said.

"We must explain to the Russians what has happened," he emphasized.

On the other hand, the commission is expected to take specific steps rather than provide explanations, Chernomyrdin said.

Russia: Possible State of Emergency in Chechnya Considered

LD1108152896 Moscow INTERFAX in English 1523 GMT 11 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 11 (Interfax) — Russia's Ministry of Justice has been instructed to consider within three days the possibility of introducing the state of emergency in Groznyy, Chairman of the State Commission for Chechen Settlement, Prime Minister Viktor Chernomyrdin stated at the Commission's emergency session Sunday.

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"This must be done within a few days," he said. He also noted that the State Duma had already taken a corresponding decision."

However, the general decision on the introduction of the state of emergency in this or that region will be taken by the Russian president and approved by the Federation Council, said Chernomyrdin.

He pointed out that "radical measures" must be taken to settle the Chechen conflict. He noted with regret that much of what the State Commission had been doing to settle the conflict "has not brought us closer to the settlement of the crisis."

He emphasized that what happened must be explained to the Russian citizens. "It's our duty to explain to the Russian citizens what has happened," he said.

He said at the same time that "one expects action not explanations from the State Commission." "Cardinal measures must be taken to solve this problem," he said.

Russia: Chechnya's Zavgayev Opposes State of Emergency

LD1108154896 Moscow INTERFAX in English 1530 GMT 11 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 11 (Interfax) — Chechnya's Moscow-backed leader Doku Zavgayev told Interfax after an emergency session of the State Commission for Chechen Settlement Sunday, that he doubts the expediency of introducing the state of emergency in Groznyy. "I don't think the state of emergency should be introduced in Groznyy," he said.

He announced that although this question had been discussed at the emergency session "a final decision has not been taken yet."

He said that the federal troops' withdrawal from Chechnya will be continued in accordance with the president's peace plan.

"The troops are being removed and the removal will continue," he said.

He also said that although the people responsible for the latest developments in Groznyy were not named at the session, the Prosecutor-General's Office has initiated legal proceedings in connection with the rebels' attack on Groznyy.

Russia: Ministry Studies Legal Grounds for State of Emergency in Chechnya

LD1208101996 Moscow INTERFAX in English 0948 GMT 12 Aug 96

[FBIS Transcribed Text] Moscow, August 12 (INTERFAX) — Russia's Justice Ministry has got down to setting legal grounds for declaring a state of emergency in the Chechen capital of Groznyy.

This work started last night, following an instruction from Russian Prime Minister Viktor Chernomyrdin, the ministry's press service has reported. A group of experts has been assigned to explain the imposition of a state of emergency on Groznyy politically, legally, militarily, and organizationally, the service said.

Apart from Justice Ministry officers, the group includes representatives of law enforcement bodies.

Russia: Lebed, Chechen Leaders Discuss Terms of Cease-Fire

LD1208085196 Moscow INTERFAX in English 0831 GMT 12 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 12 (Interfax) — Secretary of Russia's Security Council Aleksandr Lebed met with Chechen separatist leaders last night to discuss the terms of bilateral cease-fire and the rebels' withdrawal from the Chechen capital of Groznyy, Aleksandr Barkhatov, Lebed's press secretary, told Interfax.

"There was a rather constructive dialogue, whose briefness is explained not only by the pressure of time, as the bloodshed continues, but also by thoroughly done preparatory work," he said.

Lebed arrived at the meeting place by car, late at night, puzzling some of the federal check points by his sudden appearance," he said. On the way, Lebed's car came under fire on two occasions. It has not been established yet who fired on the car. No one was injured, said Barkhatov.

He also announced that the talks between Lebed, Chechen rebel commander Aslan Maskhadov and Information Minister in the separatist government Movladi Udugov, were attended by field commander Shirvani Basayev, Chechen Mufti Khadzhi Kadyrov and Chairman of Russia's Muslim Union Nadyr Khachilayev.

Barkhatov said that Lebed will give a press conference today to speak in detail about his trip.

Russia: Lebed Demands Chechen Withdrawal From Groznyy for Talks

LD1008153596 Moscow ITAR-TASS World Service in Russian 1438 GMT 10 Aug 96

[By ITAR-TASS correspondent Andrey Surzhanskiy]

[FBIS Translated Text] Moscow, 10 Aug (Itar-Tass) — Russian Security Council Secretary Aleksandr Lebed believes that an immediate cessation of combat operations and the withdrawal by the Chechen militants of

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their subunits from Groznyy should be the basis for continuing talks on a settlement of the Chechen crisis. An ITAR-TASS correspondent was told this today by Aleksandr Barkhatov, Aleksandr Lebed's press secretary.

He said it was this fundamental condition that was discussed at today's meeting between Aleksandr Lebed and Nadyr Khachilayev, chairman of the Union of Muslims of Russia, and Magomed Solboyev, the secretary of Dagestan's Security Council.

During the meeting, Aleksandr Barkhatov stressed, those taking part agreed in principle to make joint efforts to achieve this goal. Aleksandr Lebed's press secretary noted that a timetable for possible trips by the Security Council secretary to Chechnya has not yet been approved.

As for Lebed's reaction to the proposal by some politicians, in particular by Ingush President Aushev, that they be involved in the talks with the federal side, Aleksandr Barkhatov said the "Security Council secretary is aware of these proposals."

Russia: Lebed Returns to Moscow, Plans To Hold News Conference

LD1208085096 Moscow INTERFAX in English 0815 GMT 12 Aug 96

[FBIS Transcribed Text] Moscow, Aug 12 (INTERFAX) — Aleksandr Lebed, the secretary of the Russian Security Council, and the president's national security adviser and special envoy in Chechnya, returned to Moscow from Dagestan on Monday morning, INTERFAX was told at Lebed's reception office.

Lebed, as planned earlier, will give a press conference at 3:00 p.m. Monday, at the presidential staff's press center, the same source said. He is expected to inform journalists of his trip.

Appointed the president's special envoy in Chechnya on August 10, Lebed arrived in the Dagestani capital of Makhachkala on Sunday and, after a short stop-over, moved to the Dagestani-Chechen administrative border.

On Sunday night he had a meeting with Chechen rebel commander Aslan Maskhadov in the village of Noviye Atagi in the south of Chechnya. The meting was attended by Chairman of Russia's Muslim Union Nadir Khachilayev and Mufti of Chechnya Akhmed Kadyrov.

Russia: Yeltsin Approves Lebed's Settlement Proposal 'On the Whole'

LD1208090596 Moscow ITAR-TASS in English 0849 GMT 12 Aug 96

[FBIS Transcribed Text] Moscow, August 12 (ITAR-TASS) — President Boris Yeltsin earlier on Monday had a working meeting with Russian Security Council Secretary Aleksandr Lebed, who is back to Moscow from Chechnya, the presidential press service reported.

The release says Lebed "has reported to the head of state his trip to the Chechen Republic, the meetings with the command of federal forces and separatist leaders Aslan Maskhadov and Movladi Udugov".

Lebed submitted to Yeltsin "proposals on settlement of the situation in the republic which on the whole received the Russian president's approval", the release says without elaborating.

Russia: Defense Ministry Drafts Report on Actions in Groznyy

LD1208113096 Moscow INTERFAX in English 1116 GMT 12 Aug 96

[FBIS Transcribed Text] Moscow, Aug 12 (INTERFAX) — The Russian Defense Ministry has drafted a report for the government on its troops' actions near the Chechen capital of Groznyy during the past few days.

The report says that by August 6, the Defense Ministry troops, in accordance with the government-approved plan, were at their bases outside Groznyy, an informed source in Moscow told INTERFAX on Monday. In Groznyy, there were about 7,500 interior troopers and servicemen of the Interior Ministry's bodies, which set up 24 check points to control the situation in the city.

At about 7:00 a.m. on August 6, the rebels tried to capture three check points, the railway terminal and cargo depots, and to seal off the interior troops' garrison. The separatists' operation to seize Groznyy's main facilities is reported to have involved 23 groups totalling 500 men.

The operation to eliminate the rebels and to restore control over different facilities was performed by the interior troops and by the forces of the Interior Ministry bodies on August 6 and 7. Until the evening of August 7, the Defense Ministry units, with the exception of a motorized infantry platoon and an airborne company which guarded the government building and the military commissariat, were not involved in combat operations.

On August 7, at the request of the Interior Ministry, the Defense Ministry sent several reinforced assault groups with heavy weapons to Groznyy. These units broke into

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the city and, in rigorous conditions, fulfilled the assigned task, says the Defense Ministry's report.

Russia: Moscow Believes Groznyy Situation Now Favors Federals

LD1108105196 Moscow INTERFAX in English 1036 GMT 11 Aug 96

[FBIS Transcribed Text] MOSCOW, August 11 (Interfax) — Analysts in Russian power ministries believe the latest reports from Groznyy are an indication of a change in favor of federal forces in combat capability and morale over Chechen separatists.

A power ministry in Moscow told Interfax quoting reports from federal headquarters the motorized group that broke through to the government compound in the city center has thrown the militants back several dozen meters.

In the area of Minutka square federal formations have encircled a big group of separatists and started destroying it. Troops have been ordered to fire for effect.

As for the Russian journalists and women employees of the Groznyy hotel who are hiding in the cellar of the building, the direct threat to their lives was removed several hours ago as the intensity of fighting in the area declined. However, the source admitted, it is still impossible to evacuate them to a safer place due to continuing exchanges of fire several kilometers around the building.

According to the source, there are indirect indications of a change in the morale of the militants who failed to capture a single strategic target in five days of fighting. Analysts have discovered a change in the tone of radio communications between field commanders intercepted by Russian special services.

Besides, the federal side has information that the manpower reserves of the separatists are running out. For instance, several dozen wounded militants were brought from opposition strongholds to help with the fighting in Groznyy.

Besides, the promised six truckloads of gunmen did not arrive from Gudermes Sunday.

Small groups of militants are believed to have begun leaving Groznyy. According to some reports which Interfax has not managed to confirm yet, field commander Shamil Basayev who was among the leaders of the attack has left Groznyy.

Russia: Liberals Favor Dismissal of Moscow-Backed Chechen Leader

LD1008164296 Moscow INTERFAX in English 1602 GMT 10 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 10 (Interfax) — The political council of the Russia's Democratic Choice party led by Yegor Gaydar has demanded that Doku Zavgayev, Moscow-backed Head of Chechnya, and members of the Russian State Commission for Settlement in Chechnya immediately resign.

"It is necessary to give new people an opportunity to carry out the peace settlement of the crisis in an effective fashion,"

Russia's Democratic Choice said in a statement received by Interfax.

The State Commission for Settlement in Chechnya should include "representatives of political parties and public organizations which have consistently opposed the use of military force for a settlement of the Chechen problem," the statement reads.

Russia's Democratic Choice urges the conflicting parties to bring their armed formations onto the positions where they were at the moment of the signing of the Nazran Accords on June 10 and begin settling discord by talks immediately.

Russia's Democratic Choice also urged the conflicting sides to "coordinate the appointment of the head of the interim administration in Chechnya." This should be a "representative of the Chechen people unstained by participation in the armed struggle."

The interim administration "could during 1.5 years prepare conditions for holding elections in Chechnya," Russia's Democratic Choice said.

"The situation in Chechnya is developing under a scenario which fails to correspond with the pre-election pledges of the country's president," Russia's Democratic Choice said.

The Chechen developments result from "the deadlock policy based on the bet placed on the settlement of the Chechen problem by force," Russia's Democratic Choice said, blaming the escalation of fighting in Chechnya primarily on the Russian federal side.

The Russian side "has continuously implemented operations against Chechen separatists, using different kinds of weapons and cynically declaring these combat operations as 'special' operations," Russia's Democratic Choice said in the statement.

Furthermore, the Russian authorities held "falsified elections in Chechnya," the statement reads.

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The Russian side should bring an immediate end to air raids and artillery attacks on Chechen populated areas and renounce the use of conscripts for combat actions, Russia's Democratic Choice said.

Anatoliy Chubays, Russian presidential chief of staff and deputy chairman of the Russia's Democratic Choice political council, was absent from the council's session during which this statement was approved, a member of the Russia's Democratic Choice political council told Interfax.

Russia: Rodionov Concerned Over High Troop Losses in Chechnya

LD1008160896 Moscow ITAR-TASS World Service in Russian 1410 GMT 10 Aug 96

[By ITAR-TASS parliamentary correspondent Igor Zhukov]

[FBIS Translated Text] Moscow, 10 Aug (ITAR-TASS) — At present a threat of official institutions in downtown Groznyy being seized does not exist, control over the situation has been handed over to the federal forces and Interior Ministry troops. Colonel General Rodionov, Russian defense minister, said this today while addressing State Duma deputies.

According to him, in the last few days the situation in Groznyy has been extremely complex, there was panic, caused by people thinking that they were in blockaded buildings. At the moment it is already possible to say that the situation is stabilizing, Rodionov noted.

The only single thing that is seriously worrying the new defense minister is the fact that losses among personal of the federal forces based in Chechnya are too high.

Igor Rodionov was surprised that in the center of the virtually destroyed Groznyy there are a number of government institutions and a hotel with journalists. In his view these institutions and the hotel should have been moved to a different place.

The defense minister was confident that in the near future the situation in Groznyy will come under the full control of the federal forces.

Igor Rodionov also expressed the view that at the session of the state commission on settling the crises in the Chechen republic, which will be held on Sunday under the chairmanship of Viktor Chernomyrdin, it will be necessary to make a deep analysis of the current situation not only in Chechnya, but throughout the whole of the north Caucasus region and with time to adopt a long-term state program on the region's issues.

Russia: Freed Journalists Meet Chechen Government Head Zavgayev

LD1208112996 Moscow Russian Television Network in Russian 1000 GMT 12 Aug 96

[Video report From "Vesti" newscast]

[FBIS Summary] The "Vesti" newscast features a two-minute report on the return of the journalists previously trapped in central Groznyy. The journalists are now at the Russian base in Khankala. They had a meeting with Doku Zavgayev, head of the Chechen Republic; Nikolay Koshman, head of government; and Konstantin Pulikovskiy, commander of the united group of federal forces.

Russian Television Network correspondent Abrek Baykov asks Zavgayev why so many false reports about their release and the recapture of central Groznyy had been issued. Zavgayev replies: "Measures were taken. Naturally, there were some shortcomings, miscalculations, delays from my point of view; there were some delays by some military units. But there was none of the betrayal, the perfidy, and the duplicity that are characteristic of the other side."

Pulikovskiy then asserts: "I maintain that I am in control of the city. Bullets will continue to fly because the militants will continue to fire and my people, too, will continue to fire."

Russia: Yeltsin Delivers Speech at Inauguration Banquet

LD0908180796 Moscow Russian Public Television First Channel Network in Russian 1515 GMT 9 Aug 96

[Speech by Russian President Boris Yeltsin at a banquet following his inauguration ceremony in Moscow on 9 August, followed by comments by Russian Prime Minister Viktor Chernomyrdin; from the "Novosti" newscast — recorded]

[FBIS Translated Text] Esteemed statesmen and public figures of the Russian Federation, esteemed leaders of the CIS countries and representatives of the diplomatic corps, ladies and gentlemen,

I am grateful for the fact that you share with me the joy of today. The people of Russia made their choice on 3 July. By the will of the people, I will continue the cause I began five years ago. The support of the people gives me the right to act resolutely and firmly. I will use this sacred right in the interests of all the people of Russia, and I mean all. We share the same country, for whose sake we need to combine our efforts and then Russia will rise to its full height.

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I say to the leaders of the CIS countries: our nations have found freedom together and only together will they find prosperity.

Striving forward — that is what distinguishes the Russia of the present decade. These four years will conclusively determine the face of the new Russia.

We desire and will achieve the advent of flourishing and order in every town, in every village, the advent of prosperity in every Russian home, we will make sure that power serves the people and that everyone may say of himself with pride: I am a citizen of Russia!

I propose a toast to the great multiethnic people of Russia, to the strengthening of the Commonwealth of Independent States, to the flourishing of the states and nations of the world, to the glorious, 1,000-year-old and ever young Russia. [video shows people standing up and clinking glasses, shouting: Hurray! Russian Prime Minister Viktor Chernomyrdin approaching the microphone]

[Chernomyrdin] Today, we are honoring the first president, the president who has started reforms in Russia. [report ends with the sounds of orchestral music]

Russia: Paper Features President Yeltsin's Inauguration

MM1208104296

[FBIS Report] Moscow ROSSIYSKIYE VESTI in Russian 10 August 1996 Saturday Edition devotes its pp 8-9 centerfold to a "Photo Reportage" feature under the headline "Boris Yeltsin: I Swear To Loyally Serve the People."

The feature comprises nine photographs of President Yeltsin's inauguration ceremony including a 14.5" by 5.5" full-face photograph of Yeltsin standing by a podium with his hand on the Constitution, a 7" by 8" panoramic photograph of the inauguration stage, and a 6" by 5" profile shot of Yeltsin being presented with the presidential chain of office.

The feature is accompanied by the following commentary by Lyubov Tsukanova:

"Some two hours before the start of the solemn ceremony, while members of the public began gathering in the Kremlin Palace, the wind orchestra of the Moscow Military District headquarters started playing in the first floor lobby. It was hard to imagine anything else more appropriate for the occasion than these inspiring ringing sounds and the combination of the orchestra's brilliant white dress tunics and the shining brass of the trumpets....

"Any new ritual is good when the innovation is highlighted by something that is familiar to everyone. Without this, any festivity would fall flat. It is, however, bad to overdo the nostalgia: It may 'overpower' the idea behind the incipient tradition. Today it can be said that we all had some fears about the inauguration ceremony: It might have gone wrong, someone might have waved a wand and created either something sloppily pompous or something ritually sinister. It looks as if our masters of ceremonies successfully avoided the 'trap': The solemn procedure, despite its brevity (18 minutes by the clock), did not end up superficially curtailed; the participants' speeches were energetic and expressive; the newly created attributes of presidential power did not depart from historical tradition. And the staging combined the laconic expression of color with festive brilliance. The ceremony might possibly have been more romantic under the midday sun. But within the palace walls it acquired a rigid completeness and did not divert the participants' attention away from the essence of the event.

"The ceremony was attended by the entire political and cultural cream of the country. And even though it included not just Boris Yeltsin's loyal friends, supporters, and associates but also his political opponents, rivals, and harsh critics, we would like to believe that they all thought of one and the same thing at the moment when the oath was taken — of Russia's well-being. This was encouraged by the importance of the moment and — and it is a pleasure to note this — the appropriate atmosphere."

Russia: Yeltsin's Inauguration Ceremony Increases Russians' Anxiety

MM1208080596 Moscow PRAVDA PYAT in Russian 10 Aug 96 p 1

[Unattributed commentary under the "In the Spotlight of the Day" rubric: "Twice President Does Not Mean a Hero Twice Over. Or Even Once"]

[FBIS Translated Text] Yesterday's ceremony of Yeltsin's inauguration as Russian Federation president left a painful impression. The country, which watched the inauguration in the State Kremlin Palace on television, witnessed this latest act of political drama. And the chimes of the Savior Gatetower, which played the tune of the national anthem for the first time that day, the strains of Glinka's "Be Glorious" ode, and the 30-gun artillery salute only added bitterness to this ritual. Though the protocol — which was pared to the limit compared to the original script, which envisaged a splendid spectacle on the Kremlin's Cathedral Square — was observed: The prime minister, the speakers of

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the Federal Assembly, and the other officials all took their proper places on the stage.

At the beginning of the ceremony Nikolay Ryabov, chairman of the Central Electoral Commission, handed Boris Yeltsin certification of his election to the Russian Federation presidency. Before this the Central Electoral Commission chairman announced that Boris Yeltsin had been elected to a second term by the will of the people in conditions of free democratic elections, which confirm the tradition of the democratic succession of state power. Nikolay Ryabov wished the president "successful activity on behalf of the Fatherland for the good of Russia."

Then Constitutional Court Chairman Vladimir Tumanov invited the newly elected head of state to take the oath of loyalty to the Russian Constitution and to the people of the country. But Yeltsin pronounced even these brief words with difficulty, leaving the impression of a seriously ill man. He declined altogether to utter the promised appeal to citizens of the Russian Federation.

It was a sad and somber affair to listen to Patriarch Aleksey II of Moscow and All Rus, who said: "I sincerely wish that the Lord God may ever endow you, highly respected Boris Nikolayevich, with wisdom and spiritual insight, justice and mercy, firmness of spirit and body, and His help in your forthcoming labors."

Yesterday's ceremony in the Kremlin did not increase Russians' joys or hopes. It only intensified the anxiety that has never left the people since that day in 1991 on which B. Yeltsin first became Russian president.

Russia: Yeltsin Inauguration Seen as Tragic 'Farce'

MM1208124496 Moscow SOVETSKAYA ROSSIYA in Russian 10 Aug 96 p 3

[Article by Professor Aleksandr Portnov: "Sad Ceremony"]

[FBIS Translated Text] The "coronation" ceremony appeared in Russia in the 15th century, marking the country's long-awaited liberation from the Tatar-Mongol yoke. The coronation of the last autocrat (Nicholas II) ended in a terrible harbinger of the future — the bloody Khodynka [reference to tragedy on Khodynka Field during Nicholas II's coronation, when crowd control broke down and over 1,000 people were trampled to death].

On 9 August 1996, 100 years after Khodynka, the foreign word "inauguration" — an analogy for "coronation" — has unceremoniously slipped into Russian history. It will remain forever in Russia's destiny as a symbol of tragedy and farce at one and the same time. Tragedy, because it is hard to find anyone in our history who has brought more trouble to the Russian state than B.N. Yeltsin. Farce, because the false and hypocritical celebration — the "inauguration" of a destroyed old man, the awarding to him of an important gold order and gold chain with the words "Usefulness, Honor, and Glory," his oath on his own Constitution, and the eulogies of blatant toadies — all looked like an insult to common human ideas of intelligence, honor, conscience, usefulness, and glory.

It seems as though "Czar Borises" are being visited on Russia as divine retribution for our sins. Boris II's personal contribution to the collapse of the great Russian state and today's "circumscribed" Russia is common knowledge. B. Yeltsin's hopelessly low ratings until the transatlantic political technologists and mercenary "mass disinformation" media got involved is also common knowledge. They disseminated the president's election promises, promising everything to everyone. Russians had a right to believe that peace would come to Chechnya, and that their stolen half-yearly or quarterly wages would finally be paid to their rightful owners.

Now everything has been sorted out. The inauguration was held to the rumble of severe bloody fighting amid the bomb- and rocket-pocked ruins of Groznyy, where many hundreds of Russian soldiers have been killed and wounded in the past few days. The amount of money owed to workers, employees, and officers is mounting with every passing day. With the coming of fall there is a threat of a wave of universal unemployment, a complete shutdown in production, and a collapse of the Russian power generation industry. It is now clearer than ever that all of Boris II's election promises were empty. How can we believe his latest oath — to honorably serve Russia?....

Court lickspittles prepared a very chic American-style "show" for 9 August at a venue sacred to all Russian people — the center of the Kremlin. It was a failure. God did not permit this profanation of ancient sacred places. Instead of the long official ceremony, the newly elected president was strong enough to last just...20 minutes!... Frightened and pale, with a face like a death mask, Boris II managed to take just a few unsteady steps and utter half a dozen meaningless words. The 3,000 guests from dozens of countries were able to see for themselves that Boris II was finished not only as a politician. He has to all intents and purposes paid for this "victory" with his health. Clearly, this was sensed by many of those present at this most gloomy of "celebrations." Naturally, nobody believed the lying press, which talked about "economizing on state funds." Or was it really true that Yeltsin was surplus to requirements?.... Chubays has been prepared for the bourgeoisie in his place!

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The Western press is full of reports about the catastrophic state of the Russian president's health. He had not appeared "in public" for six weeks; the newspapers were reporting that before the election he was literally "pumped full" of drugs to keep his rickety health together, and now he is unable to kick the habit. It was reported that he is awaiting a heart operation.... And, of course, rest, rest, and more rest — in a destroyed country!!! The president's entourage was perfectly well aware of everything — not for nothing was there a BBC report a few days ago stating that the inauguration would be called off owing to the chronically sick president's serious condition.... It did go ahead. Can a sober-minded citizen imagine such a thing happening in the United States?... In Germany?... France?... Canada?... Japan?...

IT IS POSSIBLE ONLY IN TODAY'S "DEMOCRATIC" RUSSIA.

Russia: Editor Exhorts Yeltsin To Articulate Policies

MK0908122296 Moscow NEZAVISIMAYA GAZETA in Russian 9 Aug 96 p 1

[Report by Vitaliy Tretyakov, NEZAVISIMAYA GAZETA chief editor: "An Ode to the President. 9 August 1996. Moscow"]

[FBIS Translated Text] I will not try to begin with something original. But this is an idea that I am not ashamed of repeating: "Something is rotten in the state of Russia."

Throwing around trillions of rubles and proudly slashing the inauguration ceremony's estimated cost by 9 billion is not a heroic deed, nor even an act. This is more reminiscent of the caricature of an act.

The first presidential term is the gift of history. This is how the wheel of fortune turned, although not everyone may happen to be under it at the right moment. The second term is history per se, but not a guarantee of an honorable place in it.

On the eve of the Russian president's inauguration in Moscow, harsh sentences were passed on two former Korean presidents in Seoul. This is how history pays off for economic prosperity, but what if even this is lacking? Meanwhile, South Korea has often been held up as an example for Russia by Moscow's courtiers! What a malignant irony of fate!

Currently Chechnya is, of course, the place where Russia's rot is concentrated. The Groznyy goings-on of the past three days have proven this yet again. Russia looks in the mirror, but sees Chechnya. It can neither break the mirror nor throw it away, separating the image from the original. New wine has many times been put into old bottles: It inevitably went sour, and faster so every time. Currently, General Lebed is separately conducting this experiment in himself.

Recently, refusing to believe my own ears, but yet not too astonished — for I have seen many a metamorphosis over the past five years — I heard from Anatoliy Chubays a eulogy to the CPSU Central Committee's personnel policy. Lately, I happen to agree with Mr. Chubays increasingly often, for it is hard to take issue with the maxim whereby those whom any revolution elevates are not the most clever people, but, to put it mildly, the most pushy and unscrupulous ones — or amateurs. The corollary to this rule is also true, of course: The absence of reform — that is, the reasonable evolution of society and the state — sooner elevates mediocrities and hypocrites than it does enlightened brains, even with the help of correct bureaucratic algorithms. Stagnation is bad, but a revolution is no better, particularly when you live inside it, and as an ordinary citizen at that. No one has benefited from stagnation. In revolutions, there are three classes of winners: Politicians, criminals, and journalists. The last category, to which I belong, features here because their work becomes much more interesting and they have more chances to achieve renown.

To all appearances, revolutions are inevitable, but if they drag on for years, only one winner remains: the criminals. Unfortunately, the Russian revolution continues along with a hidden civil war — in Chechnya, it has come into the open — particularly in the area of property redivision. In fact, civil war is just a revolution dragging on for years. We have already had five years — from 1991 to 1996. Isn't it high time to stop? But how?

I am not the president to answer these questions, even if I might have the right answer. But no one cares whether or not I have one. But it is really bad when you do not know it upon becoming president. We have been waiting for more than one month now, but have not yet heard it.

Of course, after such slogans as "Down with the Reds and the Browns!" to hear that there are neither Jews nor the Gentiles in Russia, neither Reds nor Whites, is already something. But this something is only a minimum: A belated negation of a negation. Where is something constructive, so to speak? The day of festivities is not propitious for asking questions about the truth, let alone proclaiming it. Eulogy eclipses even banalities, to say nothing about revelations. It is stupidities that blossom in eulogies, but one day is not four years, it can be endured. But will the four years not

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consist of such days alone? They have already formed into a month.

One great revolution has undoubtedly come to an end in Russia: Authority has been completely demystified. Now no one will think any longer that the wise men live in the Kremlin and the fool??? outside it. The question is whether or not they in the Kremlin suspect it.

Citizen president of Russia! At the cost of immense efforts and, frankly speaking, in advance, on credit — furthermore, a credit that is not secured by anything except Russian wealth and the astonishing patience of its population — you have snatched from citizen Zyuganov the heavy burden of authority in a country without borders, without policies, with another state's currency, with an impoverished and angered people, the elite devouring one another, regions dreaming of breaking free from the center and dreading this separation, and with a greedy Apparatus that is more powerful than you or the voters. Incidentally, have you ever thought of who would have been met with fanfare in the Kremlin today, had the Apparatus placed its bets on Zyuganov or Lebed, not on you?

A month has passed; not one single word has been uttered by you, the president; not a single word by the prime minister, by the foreign minister, or by the Security Council secretary. Only the presidential chief of staff has said something. The Chechens have something to say to the nation; so do the Communists. The authorities have nothing. This is what stagnation is about.

Citizen president! A government of the Apparatus or a government of Reform for the country — that is the question. For you, the president, not for us. It is not the worst thing we have seen, so we will get used to it. Peoples know no disgrace, unlike presidents, who encounter it fairly often. May you live long....

Russia: Zyuganov Claims Yeltsin 'Incapable of Working'

LD0908130396 Moscow Radiostantsiya Ekho Moskvy in Russian 1200 GMT 9 Aug 96

[FBIS Translated Text] Gennadiy Zyuganov, leader of Russia's Communists, said after the inauguration ceremony that the president is incapable of working. It should be noted that the whole ceremony was extremely brief.

Russia: Yeltsin Decrees Chernomyrdin as Prime Minister

LD1008152996 Moscow INTERFAX in English 1521 GMT 10 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 10 (Interfax) — Russian President Boris Yeltsin on Saturday issued a decree appointing Viktor Chernomyrdin as Russian prime minister, the presidential press service told Interfax.

The State Duma, the Russian parliament's lower chamber, approved Chernomyrdin as prime minister earlier in the day.

Russia: Chernomyrdin Interviewed on New Term as Premier

LD1008192896 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 10 Aug 96

[From the "Vremya" newscast]

[FBIS Translated Excerpt] Correspondent Natalya Chernyshova was working today in the lower house of parliament alongside our parliamentary correspondents. She usually covers the actions of the government. Immediately after the session which was significant for Viktor Chernomyrdin she managed to obtain an interview with Russia's new prime minister. [passage omitted]

[Begin recording] [Chernyshova] Even the chief opponent of the government's course acknowledged the inevitability of Chernomyrdin's victory in his own fashion.

[Zyuganov] The president is on permanent leave, the government has resigned, the Duma is ineffective and in view of all this there is a total absence of authority in the country. Therefore, many deputies, after they had taken thought, preferred to give him the chance of correcting the situation himself rather than allow this disintegration and collapse to continue.

[Chernyshova] As far as concerns the hero of the day, himself, Viktor Chernomyrdin, literally 20 minutes after the concluding applause gave an exclusive interview to our programme.

Viktor Stepanovich, first of all, congratulations. I think that this is a very great day for you.

[Chernomyrdin] Thank you. This is really a great day for me. Exciting. I cannot deny that, of course, that I was moved. That is natural. I was moved yesterday at the inauguration. I was moved because this is the first time in my life that I have even been present at an

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inauguration and I think that all those who were present were moved.

Today really was my day when I gave my response, my account for the work of the government, first of all. And, today the words, of course, which I heard here, and the words which were spoken about me, were, of course, not easy.

[Chernyshova] Viktor Stepanovich, when was it more difficult to take on the state, in 1992 or today?

[Chernomyrdin] You know, it turned out that in 1992 that I became prime minister totally unexpectedly. Today it was no easier. I am, in general, convinced that it is never easy for the government and it never should be. Today things are difficult and it is difficult for the government and it may be even more difficult for me but I now know what to do.

[Chernyshova] Do you know how to do it?

[Chernomyrdin] Well, I also know how to do it. Well, now, I am not the sort of chap to say to everyone about everything that I shall take the bull by the horns. No, but I know what to do and also how to do it — even, and primarily, the priority tasks which must be tackled.

[Chernyshova] Igor Stepanovich, to speak about the past. Do you think that it was possible to do everything differently?

[Chernomyrdin] Things could have been done differently. That is possible. But I am not convinced ,that if we had begun in a different way to tackle the problems we faced and which it was necessary to tackle to alter the country's economy and transfer it to market relations, it would have been possible to achieve different results. Hardly.

And again, I cannot confirm this, people may disagree, more, less, better, worse, but we had to pass through this transitional stage.

[Chernyshova] Are you feeling the rapturous happiness of a child at present?

[Chernomyrdin] You know, I have not yet taken it all in. Not yet, not yet. I understand that confidence has been expressed in me, it was an assessment of my work. We have managed to unite the team which already exists. And I say again: there are already people, there are already those whom I can take on, there are even those that I can choose from.

[Chernyshova] Well, tell us then.

[Chernomyrdin] I shall tell you on Monday or Tuesday. Many thanks.

[Chernyshova] Thank you. [passage omitted] [end recording]

In the corridors it is being said that Mikhail Zadornov has already been congratulated on his appointment to the post of first deputy prime minister. But Gennadiy Zyuganov, on the contrary, said that the communists have not been offered any vacant posts.

[Begin Zyuganov recording] We have had no proposals. We wish it success in coping with the tasks it faces. [end recording] [passage omitted]

Russia: Chernomyrdin Suggests Postponing Regional Elections

MK0908135996 Moscow SEGODNYA in Russian 9 Aug 96 p 1

['Segodnya'-signed report: "Viktor Chernomyrdin Suggests That Regional Elections Be Postponed"]

[FBIS Translated Text] Yesterday Prime Minister Viktor Chernomyrdin proposed that regional elections be delayed until next year. The head of the cabinet complained during his meeting with the Duma's "People's Power" faction that "a serious shortfall of taxes has occurred as a result of the elections" and that the economy "has barely survived" the successive votes. The premier also promised members of the deputy group, headed by Nikolay Ryzhkov, "to switch from an austere monetarist policy to the support of all producers, regardless of their form of ownership," news agencies have reported.

Russia: Yeltsin, Chernomyrdin Discuss Future Cabinet, Chechnya

LD1108135396 Moscow INTERFAX in English 1344 GMT 11 Aug 96

[FBIS Transcribed Text] MOSCOW, August 11 (Interfax) — The main subjects of the 2.5 hour Sunday meeting of President Boris Yeltsin with Prime Minister Viktor Chernomyrdin and the head of the presidential staff Anatoliy Chubays were appointments in the future cabinet, the reorganization of the presidential administration and the situation in Chechnya.

According to the presidential press service, a fundamental discussion was followed by decisions related to appointments to key posts in the government.

Chernomyrdin said he would bind the new cabinet the continue the strategy of reform, strengthen executive discipline and increase responsibility in decision-making.

Much attention was paid to the improvement of the structure of the presidential administration and its renewal. The president was sure his administration would

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work in close contact with the government. It was said the suggested pattern of government would help avoid overlapping in the operation of federal bodies.

The situation in Chechnya and the efforts of the federal authorities to settle it were discussed in detail.

Yeltsin strongly demanded that the State Commission on Chechnya take steps to normalize the situation and report the results of the investigation of the circumstances facilitating provocations by the armed opposition and the degree of responsibility of officials for the developments.

Russia: Yeltsin, Chubays Discuss Local Elections, Chechnya

LD1208110096 Moscow INTERFAX in English 1051 GMT 12 Aug 96

[FBIS Transcribed Text] Moscow, Aug 12 (INTERFAX) — Russian President Boris Yeltsin met with head of the presidential administration Anatoliy Chubays on Monday to discuss the upcoming local elections.

Yeltsin and Chubays also considered personnel policy in light of the forthcoming elections, presidential press secretary Sergey Medvedev said.

They also discussed the situation in the Maritime territory (Far East) and Chechnya.

The president plans to work in the Kremlin this week. After that he is expected to go on vacation. However, it is not clear as yet where he will spend his vacation, the spokesman said.

Russia: Yeltsin Appoints Vyacheslav Volkov as Presidential Aide

LD1208124996 Moscow INTERFAX in English 1235 GMT 12 Aug 96

[FBIS Transcribed Text] Moscow, Aug 12 (Interfax) — Russian President Boris Yeltsin on Monday appointed Vyacheslav Volkov as his aide after he had relieved him from the post of deputy chief of staff, a spokesman for the presidential press service told INTERFAX.

Russia: Yeltsin Appoints New Deputy Head of Administration

LD1208101796 Moscow ITAR-TASS World Service in Russian 0941 GMT 12 Aug 96

[By ITAR-TASS correspondent Artem Protasenko]

[FBIS Translated Text] Moscow, 12 Aug (ITAR-TASS) — In accordance with a decree by Boris Yeltsin, Valeriy Semenchenko, head of the Russian President's Office, was appointed deputy chief of the head of state's administration today, the ITAR-TASS correspondent was told at the Russian president's press service.

Valeriy Semenchenko was previously head of Boris Yeltsin's Office with the rank of aide to the president.

Russia: Duma Official Speculates on Appointment of Cabinet Members

LD1208112696 Moscow INTERFAX in English 1108 GMT 12 Aug 96

[FBIS Transcribed Text] Moscow, August 12 (INTERFAX) — Russian President Boris Yeltsin may sign decrees appointing Cabinet members on Tuesday after meeting Prime Minister Viktor Chernomyrdin, Deputy State Duma Chairman Aleksandr Shokhin told a Monday news conference in Moscow.

He said he knows the most probable candidate to the post of first deputy prime minister in charge of economic matters. Shokhin refused to name the person, adding that it is not himself or the leader of reformist Yabloko movement Grigoriy Yavlinskiy.

Asked about the possibility of Chairman of the Duma Budget Committee Mikhail Zadornov being given a key post in the cabinet Shokhin said the subject was discussed but a political formula was not found for cooperation between Yabloko and the government. He said Yavlinskiy did not clearly say whether his faction in the Duma would back the government. Shokhin said, however, that nobody doubts Zadornov's professional competence.

Russia: Economic Aide Livshits Tipped To Be First Deputy Premier

LD1208112796 Moscow INTERFAX in English 1114 GMT 12 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 12 (Interfax) — Aleksandr Livshits, Russian presidential economic adviser, is expected by informed sources to become first deputy prime minister and finance minister in the new government.

The Finance Ministry will be in virtual control of the government's financial and economic strategy, the sources said.

They also said that Vladimir Potanin, head of Unexim-bank, will be a government minister.

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Russia: Kulikov Cited on Chechnya, Terrorism, Major Crime

MM0908153196 Moscow TRUD-7 in Russian 9-15 Aug 96 pp 4, 5

[Feature by Olga Parfenova based on hotline calls to Russian Internal Affairs Minister Anatoliy Kulikov: "When Will There Be Order in the Country?"]

[FBIS Translated Excerpt] This is probably the most important question that our readers asked Internal Affairs Minister Anatoliy Kulikov on the hot line.

The fight against crime is now coming to the fore — evidence of this is a whole range of presidential edicts directly concerned with this problem. Because it is impossible to live and work normally if one's sons are dying in Chechnya, if there are explosions going off on trolleybuses in the mornings, if there is no certainty that you will be protected from a gangster and your home will be protected from thieves!

General Kulikov probably answered hundreds of questions on the telephone. But how many more people could not get through? They were still calling when he had already flown off to Karelia. Of course, it is impossible to publish hotline material in full. We have selected some of the most important questions and have tried to group them according to subject. But a stenographic account of the conversations will be handed over to the minister — he has promised to investigate every specific case.

Chechnya

Hello, Anatoliy Sergeyevich! It's Larisa Ivanovna Fedorova here (Shchekino City, Tula Oblast). Can you tell me exactly when the war in Chechnya will end? Surely you — the minister — know how to get out of it?

[Kulikov] I am certain of one thing: There is no military way of solving the Chechen problem. Even if not all of the 3,000-strong illegal armed formations are irreconcilable but maybe 600-700 men and around 300 mercenaries, if only 100 of them were left even they would be capable of keeping the republic, the region, and the country in a state of tension. Terror is too strong a weapon in the hands of the weak. But we cannot pursue a policy of annihilating everyone, down to the last gunman. That means one option is left for getting out of the Chechen crisis — the political option. The route of talks. But with whom to hold them and by whom — that must be decided by politicians.

For the time being it is necessary to rely on the forces which exist in Chechnya. I am referring to the Chechen police. As of today their strength is around 11,000. That is insufficient. We consider it necessary (this is reflected in the president's program) to have approximately another 15,000 patrol and fixed post officers there — Chechens who would control populated areas and fight the remaining bandit formations. The function of Internal Troops and federal forces is to give methodological assistance in eliminating the bandits. [passage omitted]

Mikhail Ivanovich Maltsev from Voronezh:

If Salman Raduyev is alive (apparently he has been identified) and the terrorist acts on Moscow trolleybuses and at Voronezh railroad station are, as he himself boasts, his handiwork, exactly where has our intelligence service been looking? Next Dudayev will "rise from the dead"....

[Kulikov] We knew that Raduyev was seriously wounded. But neither the special services, nor the MVD [Ministry of Internal Affairs], nor the Defense Ministry reported his death. This was learned from the mass media. Although some people maybe breathed a sigh of relief at this news.

Expert study as to whether this is the real Raduyev which we carried out using television does not give 100-percent certainty either. But there is a substantial likelihood that it is he. But what he said about involvement in terrorist acts must not be taken as gospel — maybe he wants to draw attention to himself in this way because after Dudayev died this clan lost control of the situation in the gunmen's camp and lost control of finances.

As regards Raduyev's version that his father-in-law the president is alive and is about to appear in Chechnya, it is doubtful. If this is accepted it turns out that Dudayev abandoned the republic and his comrades in arms at a critical moment and simply fled abroad. Such a politician has no future — he is simply a political corpse. There is no point in his "rising from the dead."

Corruption

Anatoliy Nestorov (Yelets City, Lipetsk Oblast):

On the last hot line you gave an upbeat account of the "Clean Hands" operation — when a whole host of police officers were dismissed for all kinds of misconduct (even including treason). Then there was silence. So, does the police no longer need to be purged?

[Kulikov] This is a very painful question for us. The operation has not petered out. And it is not intended to be a temporary operation. When I accepted the minister's post we in the collegium decided to carry out an efficiency report on all personnel in leading posts within a year. As of yesterday the Central Certification

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Commission had passed 59 leaders of the MVD and UVD's [Internal Affairs Administrations].... Ten of them have been given time to rectify shortcomings. The chief of Sakhalin Oblast UVD has been relieved of his post — it was not without his participation that budget money was diverted there and some of the so-called "rake-off" ended up in the UVD's account. In addition, housing was illegally acquired for some personnel and members of their families. After a final verification we will probably hand these materials over to the prosecutor's office for a decision on criminal liability.

We are relieving several more high-ranking leaders of general rank, specifically the head of St. Petersburg Law Institute, who, although having six apartments, also had a luxury home built for himself. Another chief — of a corrective labor institution — fraudulently acquired foreign goods in exchange for lumber that was to have been delivered. He too has been dismissed — the case is with the prosecutor.

Unfortunately the internal security administration we created is not big enough to cope with this evil. There are many more cases than we imagined. So there is an immense amount of work here. This year over 550 MVD organs' personnel have been taken to court, charged with abusing their official position, bribery, and abetting criminal groupings. [passage omitted]

Organized Crime

Stepan Dzhapakov (Yekaterinburg):

Why was Ivankov-Yaponchik caught in America and not here, where he was known to the entire police force?

[Kulikov] It was a joint operation. U.S. Ambassador Thomas Pickering sent me a letter thanking me for the professional assistance rendered by our officers in this investigation. He believes that their active participation gave the FBI an opportunity to combat Russian criminal groupings operating on U.S. territory more effectively. [passage omitted]

Viktor Yegoshin, social worker from Kazan:

Esteemed minister, exactly when will our police turn from a collector of corpses at the scene of crimes into a mechanism to prevent them? In the election campaign did all candidates not promise to fight organized crime radically?

[Kulikov] Candidates' programs are one thing, reality is another thing entirely. There is nothing but problems here. For example, the lack of legislation which would make it possible to fight organized crime effectively. In order to somehow get around this gap we, all the leaders of law enforcement organs, and the Security Council have produced a draft presidential edict on immediate measures to combat organized crime and corruption. If this edict is signed we will get additional powers, which are essential if our work is to be successful. [passage omitted]

Russia: Police Find Bomb Near Vnukovo Airport in Moscow

LD1008143996 Moscow INTERFAX in English 1427 GMT 10 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 10 (Interfax) — A powerful bomb was discovered on Saturday near one of Moscow's airports, an Interior Ministry spokesman told Interfax.

The bomb, whose power was equivalent to that of 500 grams (1 pound) of trotyl, was planted at the intersection of two streets in the vicinity of Vnukovo airport and was found by a traffic police inspector.

"These kind of explosive devices are used to destroy shells," the spokesman said.

The bomb was neutralized, he said.

Russia: Kovalev To Crack Down on Foreign Espionage 'Boom'

BR0908144996 Paris LE FIGARO in French 9 Aug 96 p 4

[Interview with Nikolay Kovalev, director of Russia's FSB counterintelligence service, by Laure Mandeville; place and date not given]

[FBIS Translated Excerpt] General Nikolay Kovalev recently took over the Russian counterintelligence service — the FSB [Federal Security Service] — the descendent of the powerful KGB. [passage omitted]

[Mandeville] You are the head of the FSB, the Russian counterintelligence service. What problem is currently keeping you up at night?

[Kovalev] The terrorist attacks in Russia. Like in the Western countries, the new terrorists are not coming out; they do not demand anything; they do not have a specific face or goal. In Russia, we can differentiate between two kinds of terrorism. The first is terrorism of Chechen origin, which has specialized in actions on Russian territory designed to destabilize the political situation. The destabilization of Daghestan is also one of its objectives.

The second kind of attack is linked to the sharing of spheres of influence, to tit-for-tat killings. These happen when property is shared, when groups fight to control the privatization of large companies. In Russia people

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also kill when they have too many debts: A debtor often prefers to kill his creditor rather than repay his money.

[Mandeville] What can be done to counter this massive criminalization of the Russian economy?

[Kovalev] We must make it very difficult to kill a specific target. We must establish a collective decision-making process within companies. If an isolated banker, alone, makes the decision as to whether or not to grant a loan, these crimes will continue. That much is clear. But if decisions for granting loans are made by groups of people, then it will become very hard to strike.

Another problems is the distribution of land. Despite all of my efforts to get groups of people to make the award decisions, the local bureaucrats continue to fight to have the exclusive right to make such decisions. That gives them clear leverage and, above all else, a major source of income. But it is also the cause of the increasing number of killings in the Moscow region.

"Scaring Shareholders"

[Mandeville] Corruption does not just affect local officials. How can the FSB effectively combat organized crime when it is itself affected by corruption?

[Kovalev] It is true that our structure has been affected. We must do everything possible to ensure that the cancer does not spread throughout the entire body. I am optimistic. The priority is to put the economy in order. If we manage to do that, there will no longer be a foundation for corruption and crime.

[Mandeville] But curing the economy requires time, whereas the problem of the mafia is an issue of popular concern. Since he was appointed head of the Security Council, Aleksandr Lebed has been talking openly about the gangrene of the ministries in authority. He even talks about the threat that the Russian state will turn into a criminal state.

[Kovalev] I have my own ideas on how to fight government corruption. We should create a structure that can test officials' honesty by offering them bribes. If they accept, then they must be punished. The idea is to scare them, to ensure that bureaucrats never know who they are dealing with — real mafia men or phonies. That should have a deterrent effect.

[Mandeville] In what way are your relations with Lebed and the Security Council organized?

[Kovalev] Strategic issues are formulated by the Council, which informs us of the direction it is taking. We work on the tactics. Sometimes there are disputes, but all in all the interaction is excellent. We have never had such a level of cooperation. The Security Council had turned into a mere discussion group. Today, it has been transformed into an active, dynamic body. General Lebed is a very energetic man. His program is specific and his ideas are in line with mine. He understands the importance of the FSB's role.

"A Sword That Punishes"

[Mandeville] What reason is there for being more optimistic today?

[Kovalev] Because society as a whole has become aware that we could not continue like this. The situation calls for emergency measures, whereas we are still using conventional methods. What gives me hope is that the FSB is being beefed up after six years of reorganizations. Today, we are finally coming around to the idea that without powerful security services we cannot have a powerful country. The FSB's investigatory powers have been reestablished. After all, without a sword that punishes, effective work cannot be done to combat organized crime.

[Mandeville] So is the FSB once again becoming the sword that punishes, as the KGB used to be?

[Kovalev] Why do you immediately resort to analogies?

[Mandeville] Should I not?

[Kovalev] Yes, one can make analogies with the past, but in the correct sense of the term. After all, I do not think we should be afraid of rebuilding certain parts of the former KGB structure. It is no longer the same.

[Mandeville] But we are afraid.

[Kovalev] Given your Western mentality, perhaps I should not have talked about the sword. Indeed, the KGB has been made into a bugbear, an omnipresent monster. But that was not really the case.

[Mandeville] The KGB was the arm of the totalitarian state. What do you oppose in the old KGB. What is no longer acceptable?

[Kovalev] That question surprises me a bit. What is certain is that the secret services must obey the law, as paradoxical as that may seem. The old KGB obeyed the laws of the old system. The real problem was the laws per se. We have cast off many punitive measures. For example Article 193 prevails over ideological work (surveillance of cultural and political organizations, among others). Having said that, I am not certain the services in other countries have given up monitoring what goes on in parties that promote extremist or terrorist ideologies.

[Mandeville] There is a lot of talk about cooperation between intelligence services, but the war goes on. The

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Russians continually accuse the West of increasing their networks in Russia.

[Kovalev] The development of foreign networks in Russia is very strong. Ever since the days of the German invasion during the war, there had never been any confirmed foreign spies. We intend to crack down very hard on this boom in foreign espionage.

On the other hand, I am in favor of bilateral and multilateral cooperation. Moreover, I have talked with U.S. Vice President Al Gore on this subject, as well as with representatives of the FBI and CIA. We must cooperate in the fight against terrorism and drug smuggling, not to mention in the area of banking. We understand that those countries having trouble doing so are running into problems because of their banking protection laws, but it is better to spend a few million dollars rather than risk attacks.

[Mandeville] One espionage case caused a sensation in Moscow — namely, the one involving Platon Obukhov, the son of a very well known Russian deputy foreign minister. The son offered his services to the British secret services.

[Kovalev] I would not call it a sensational affair. We have very good relations with the British. The Obukhov case chiefly reflects the problems of a generation that is selling itself — not for ideological reasons, to harm the country, but for material gain.

Federal Assembly

Russia: Chernomyrdin Appointment Opposed by 85 Duma Deputies

LD1008123996 Moscow ITAR-TASS in English 1236 GMT 10 Aug 96

[By Pavel Kuznetsov and Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, August 10 (Itar-Tass) — The State Duma gave today its consent to Viktor Chernomyrdin being appointed Russian prime minister.

As a result of secret voting his candidature was supported by 314 deputies. As many as 85 voted against, and there were three abstentions.

Russia: Zyuganov Sees No Grounds for Chernomyrdin To Remain Premier

LD1008115296 Moscow INTERFAX in English 1137 GMT 10 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 10 (Interfax) — The parliamentary faction of the Communist Party of Russia (KPRF) does not see grounds to leave Viktor Chernomyrdin's at the post of prime minister, KPRF leader Gennadiy Zyuganov told a State Duma session Saturday.

There is no dramatic adjustment of the course of reforms in Russia, Zyuganov explained. He made this statement after his faction's one-hour meeting which "finally weighed all pros and cons" before voting on Chernomyrdin's candidacy.

What is being discussed is the second person in the state now that the presidential power is incapable, while the government is resigned, Zyuganov said.

"We are not confident that Chernomyrdin is able to correct the situation," Zyuganov said. "Today it is hard to describe the performance of his government as satisfactory."

Meanwhile, the new government will have to tackle such important issues as the war in Chechnya, ratification of the START-2 treaty and crackdown on crime, he said.

Russia: Chernomyrdin Addresses Duma on Main Policy Goals

LD1008093496 Moscow ITAR-TASS World Service in Russian 0814 GMT 10 Aug 96

[By ITAR-TASS correspondents Gennadiy Yezhov, Pavel Kuznetsov, and Ivan Novikov]

[FBIS Translated Text] Moscow, 10 Aug (ITAR-TASS) — At 1100 today, the State Duma began its examination of Viktor Chernomyrdin, the Russian president's nominee for prime minister.

This item of business was preceded by a brief discussion on the day's agenda. A number of deputies from various factions wanted to include the situations in Chechnya and the Maritime Territory onto the agenda, but failed to obtain the agreement of the majority of MPs.

State Duma Chairman Gennadiy Seleznev introduced Viktor Chernomyrdin as the president's choice and announced that, by agreement with Boris Yeltsin, he will submit to the house's examination.

Viktor Chernomyrdin then took the floor and delivered a speech on the Russian Government's main policy goals. He described the situation in the economy as "complex and controversial," but said that this is entirely natural during the transition from one phase of reform to the next, when the process of restructuring will be completed.

According to Viktor Chernomyrdin, the Russian Government is completing the fight against inflation and moving on to the next phase of reform, which will be

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exclusively devoted to a structural reform of the economy, increasing output, and raising efficiency in industry. "We can now attain these goals by building on our successes in financial stabilization, restraining price rises, and strengthening the Russian ruble," he said.

By the year 2000, Russia's GDP could be 14-15 percent greater than now, Viktor Chernomyrdin reported. An economic development program to take the country into the year 2000 is now being prepared, he added, and will be presented to parliament no later than October.

Some 600 trillion to 900 trillion rubles will have to be invested in the economy every year in order to secure an annual 5-percent growth in Russia's GDP during the next century, he said.

There are no "grounds for triumphalism," despite certain socio- economic successes recently, in particular the muzzling of inflation, Chernomyrdin said. The grey economy is expanding and now accounts for nearly a quarter of GDP, he said. Wage arrears remain an outstanding problem. Arrears owed by the federal budget alone stand at 5.4 trillion rubles, he noted, and according to his figures, businesses and organizations themselves owe a further 24 trillion rubles in unpaid wages.

Chernomyrdin stressed that securing higher industrial output is not a purely economic goal but a socio-economic one as well. Achieving it will make it possible to stabilize and increase living standards.

Now is the time to review the role of the state in the economy and to stop fearing the word "regulation," according to Viktor Chernomyrdin. The state's most important regulatory functions, he said, are to organize and form the budget, oversee its implementation, and supervise the activities of private capital and the securities market.

Viktor Chernomyrdin thanked Boris Yeltsin for nominating him to again lead the Russian Government. "I apply this faith to other members of the Cabinet of Ministers as well", he remarked.

Today is a "special moment in modern Russian history, when the Government has for the first time laid down its powers before a newly elected president," he said.

Russia: Chernomyrdin Reiterates Opposition to NATO Expansion

LD1008105896 Moscow ITAR-TASS World Service in Russian 0946 GMT 10 Aug 96

[FBIS Translated Text] Moscow, 10 Aug (ITAR-TASS) — Prime ministerial nominee Viktor Chernomyrdin today came out absolutely against NATO's plans to expand eastward. He was speaking at a plenary session of the State Duma.

NATO's expansion plans "are completely out of step with the global security system that has been shaping up during the past few years," he said. "Russia has been, remains, and will remain opposed to NATO expansion, and our stance is understood in several European countries," the prime ministerial nominee said.

Russia: Chernomyrdin Informs Duma About 1997 Budget

LD1008091496 Moscow ITAR-TASS World Service in Russian 0727 GMT 10 Aug 96

[FBIS Translated Text] Moscow, 10 Aug ITAR-TASS — The government is completing its draft of the 1997 budget, Viktor Chernomyrdin told the State Duma during the examination of his nomination to head the Russian Government. The budget will be submitted to the lower chamber on 31 August as required in the Constitution, he said.

The draft budget for next year puts greater emphasis on social expenditure, Chernomyrdin noted, adding that it also entails a further reduction in the budget deficit.

The government predicts that GDP will rise in real terms next year, Chernomyrdin continued. The average rate of inflation will be less than 1 percent.

The budget deficit should be 3.5 percent of GDP, Chernomyrdin said.

The government intends to sharply increase the rate of tax collection, he announced. To this end, deputies will need to make a number of decisions on legislation, in particular on raising excise duty on tobacco and spirits.

Domestic borrowing will also be significantly reduced, Chernomyrdin told deputies. Servicing the domestic debt will account for 18 percent of all expenditure, he said.

Russia: Chernomyrdin Tells Duma Foreign Debts Amount to $130 Billion

LD1008101996 Moscow ITAR-TASS World Service in Russian 0933 GMT 10 Aug 96

[FBIS Translated Text] Moscow, 10 Aug (ITAR-TASS) — Russia's foreign debt now amounts to about $130 billion, Viktor Chernomyrdin, the nominee for the post of Russian prime minister, stated today when he addressed the State Duma.

He stressed in this connection that the Russian Federation's debt, beginning from 1992, is only $17 billion.

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The rest consists of debts left over from the former USSR.

We are taking on debt, Viktor Chernomyrdin noted, "but it is desirable to take on less and to look at the terms." In general foreign borrowing, in Viktor Chernomyrdin's view, "is a normal process, but it needs to be skilfully used."

Russia: Chernomyrdin Opposes 'Purely Military' Solution in Chechnya

LD1008090696 Moscow INTERFAX in English 0858 GMT 10 Aug 96

[FBIS Transcribed Text] MOSCOW, August 10 (Interfax) — If the bloodshed in Chechnya can be quickly stopped by changing the format of the talks, it should be altered decisively but without unnecessary haste, Prime Minister Viktor Chernomyrdin declared at the State Duma's emergency session today.

He also assured deputies that everything possible is being done to stop the fighting in the Chechen capital Groznyy and liberate it as quickly as possible. "There is someone and something to clear up" the prime minister said.

Blaming the latest events in Groznyy on "the lack of clear-cut coordination between power structures in Chechnya," he urged the Prosecutor General's Office to thoroughly examine what has happened in Groznyy and other seats of tension in Chechnya.

"A purely military solution to the Chechen problem means dead end," Chernomyrdin said, warning against "approaching this question in line with the Afghan variant."

Criminals in Groznyy should be dealt with properly, "but this does not mean unleashing full scale military actions," Chernomyrdin said.

The situation in Chechnya shows that military reform need to be sped up, the premier added.

Russia: Rodionov Reports Chechen Rebel Threat Removed

LD1008164096 Moscow ITAR-TASS in English 1611 GMT 10 Aug 96

[By Igor Zhukov]

[FBIS Transcribed Text] MOSCOW, August 10 (Itar-Tass) — Russian Defence Minister Igor Rodionov said Russian troops have regained control over the central part of Groznyy and the situation there is stabilising.

"The situation in Groznyy has been very complex for three days, but we have reversed it," Rodionov said as he addressed the extraordinary session of the Russian State Duma on Saturday.

"The situation is complex. But I will tell you that as of this moment, as I am standing before you here, behind this rostrum, federal troops and Interior Ministry forces have regained control of the combat or military situation and seized the initiative," he said.

He noted that the situation in Groznyy has been extremely tense over the last few days and was compounded by panic caused by the fact that people were trapped in several buildings blockaded by rebels.

But now the situation is stabilising, and there is no more threat of new attempts to seize government buildings in the city centre, he added.

The minister expressed deep concern about the heavy casualties among federal forces in Chechnya.

Rodionov said he was surprised to learn that several government buildings and the hotel with journalists were in the centre of practically devastated Groznyy.

He believes they should have been moved elsewhere.

The minister expressed the confidence that Russian troops will regain full control over Groznyy in the very near future.

He also stressed that the state commission for the settlement of the Chechen conflict — that will hold a meeting chaired by Russian Prime Minister Viktor Chernomyrdin on Sunday — should thoroughly study the situation not only in Chechnya, but in the entire North Caucasus and draft a long-term state programme aimed at resolving the problems facing the region.

Russia: Kulikov Tells Duma Rebel Onslaught on Groznyy Repelled

LD1008152096 Moscow INTERFAX in English 1504 GMT 10 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 10 (Interfax) — Federal troops regained control of all communications nodes in Groznyy and sealed all exits from the city by 5 p.m., Russian Interior Minister Anatoliy Kulikov told a special Duma session Saturday.

The separatist onslaught on Groznyy has been repelled, he said.

As many as 118 federal servicemen were killed and 663 wounded in five days of clashes in Groznyy, Kulikov said.

After the Moscow and Nazran peace deals were signed, the Chechen separatists were "driven to the mountains,

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and the real danger of split among their ranks was palpable," he explained the cause for the offensive.

"To show to the whole world that they remain a capable force, they undertook this storm attempt on Groznyy," he said.

According to the Interior Ministry, some 400-500 separatists had penetrated into the city in the night of August 5. In addition, some Groznyy residents "who were separatist supporters joined their operation at an earlier fixed time."

Kulikov refuted the reports that all checkpoints had been removed before the offensive. The checkpoints were engaged in fighting, which "enabled the bandits to freely migrate around the city."

Kulikov brought to the deputies' notice that federal authorities are still losing the war in Chechnya from the point of view of information supply.

Movladi Udugov, the chief Chechen spokesman, alone works as an entire ideology department of the former Soviet Communist Party, Kulikov noted.

He agreed with Prime Minister Viktor Chernomyrdin as saying that there was no military solution to the Chechen conflict and that a political one should be searched for.

Defense Minister Igor Rodionov told the Duma that federal troops had seized the combat initiative in Chechnya.

The Russian military are in full control of the situation, he said.

At the same time, Rodionov proposed government offices be taken out of the Groznyy center, "to which it is easy for separatists to break through," to the suburbs where they will be properly protected by federal troops.

Rodionov also stressed the need to develop a long-term program for the recovery of Chechnya and the entire region.

Chernomyrdin will preside over a meeting of the State Commission for Chechnya Settlement at 11 a.m. on Monday, Rodionov said. This meeting will thoroughly analyze the latest events in the republic and the whole North Caucasus, he said.

The Duma has not passed a resolution on the situation in Chechnya so far.

Regional Affairs

Russia: Yeltsin Appoints Lebed Presidential Envoy to Chechnya

LD1008071496 Moscow INTERFAX in English 0705 GMT 10 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 10 (INTERFAX) — President Boris Yeltsin has signed a decree to appoint his national security adviser and secretary of Russia's Security Council Aleksandr Lebed as his envoy to Chechnya, the president's press secretary Sergey Medvedev told INTERFAX on Saturday [10 August].

The previous presidential envoy to Chechnya Oleg Lobov was relieved of his duties.

Russia: Rebel Spokesman Appeals to Lebed for 'Serious Compromise'

LD1108091296 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 11 Aug 96

[FBIS Translated Text] The Chechen people associate some degree of prospects for a settlement of the conflict with Aleksandr Lebed. We remind you that Aleksandr Lebed has been recently appointed as the plenipotentiary representative of the president in the Chechen Republic. Meanwhile, Movladi Udugov [minister for information and press of the Chechen separatists], addressing Aleksandr Lebed directly through our radio station, has formulated the Chechen side's position for resolving the [Chechen] crisis:

[Begin Udugov recording] First, an attempted armed solution produces deadlock.

Second, the Chechens are ready for a political settlement.

Third, the Chechens understand very well that the Russian state has certain interests in Chechnya as well in the Caucasus as a whole.

The next point is that the Chechens clearly and definitively state that while Russia has interests in the Caucasus, the Chechen people also have interests in their own territory. We are ready for a serious compromise and for a serious dialogue. It is necessary to stop using puppets and national traitors and people who have betrayed their motherland.

And the last point is that we would very much like Lebed to put himself in the Chechens' position and think how he would be acting at the present time if he had been a Chechen. [end recording]

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Russia: Security Council Confirms Shots Fired at Lebed's Car

LD1208082796 Moscow ITAR-TASS World Service in Russian 0748 GMT 12 Aug 96

[FBIS Translated Text] Moscow, 12 Aug, ITAR-TASS — The Security Council press office has confirmed that two shots were fired at some cars during Security Council secretary Aleksandr Lebed's journey from Dagestan to Chechnya to meet separatist chief of staff Aslan Maskhadov. Lebed was in one of the cars.

Both shots "came to nothing and nobody was hurt." "It was not possible to establish who opened fire," a press release says. It notes that Lebed "arrived by car late at night, and his unexpected appearance startled a number of federal checkpoints."

Russia: Chernomyrdin Calls For 'Radical Measures' in Chechnya

LD1108180896 Moscow Russian Television Network in Russian 1600 GMT 11 Aug 96

[Report by P. Korovyakovskiy; from the "Vesti" newscast; passages within quotation marks recorded]

[FBIS Translated Text] [P. Korovyakovskiy] The emergency session of the commission on a settlement of the crisis in Chechnya went on for four and a half hours. The only top official missing was Aleksandr Lebed, secretary of the Security Council, who left for Dagestan this morning. Viktor Chernomyrdin came to the session immediately after his meeting with the president. As the prime minister put it, the only way to achieve peace in Chechnya is to adopt radical measures.

[Chernomyrdin] "To introduce a state of emergency in Groznyy, if it proves necessary and with the agreement of the leaders of the military departments."

[Korovyakovskiy] Also, the withdrawal of troops will be halted and the present grouping of forces will be considerably reinforced. There is one further problem, the most grievous one.

[Chernomyrdin] "What is to be done for the families of those who have been killed? What is to be done? I agree that the status of the participants in these events, all those in military ranks, must be determined."

[Korovyakovskiy] As Anatoliy Kvashnin, commander of the North Caucasus Military District, told journalists later, the militants had planned their operation in Groznyy two months ago. However, the general found difficulty in answering the question as to why nothing had been done to defend the city, even though they had this period, which was quite long enough to take measures in response. He asserted, however, that the terrorists' efforts had been in vain.

[Kvashnin] "You know, they did not capture a single installation. Even the complex of government buildings in the center, which your correspondents said occasionally they were heroically defending. Well, in the first place, they were not heroically defending, as you can see for yourself."

[Unidentified correspondent] "They never said that."

[Kvashnin] "Yes, some of them broadcast that."

[Korovyakovskiy] Presidential adviser Emil Pain looked less optimistic after the session. The main changes to Russian policy in Chechnya exist so far only in draft form, but they are needed right now.

[Pain] "First of all, we need to determine who we are dealing with on the other side. These people are not mercenaries. The majority of people who are fighting are citizens of our country; they are inhabitants of Chechnya; they are Chechens. If we do not establish the reasons why they harbor the fighters, the militants, we shall not resolve the problem."

Russia: State Commission on Chechnya Holds Emergency Session

LD1108205296 Moscow ITAR-TASS World Service in Russian 1444 GMT 11 Aug 96

[By ITAR-TASS correspondents Gennadiy Yezhov and Natalya Kosareva]

[FBIS Translated Text] Moscow, 11 Aug (Itar-Tass) — For the fifth hour now a discussion has been going on in Government House on the situation in the Chechen Republic in the framework of the State Commission for a settlement of the crisis in Chechnya. It started at 1400 with a working conference of members of the State Commission, opened by Deputy Prime Minister Oleg Lobov. At 1600 the work was joined by the commission's Chairman, Prime Minister Viktor Chernomyrdin, who came to Government House immediately after his meeting with President Boris Yeltsin.

The session is being held behind closed doors, but as the ITAR-TASS correspondents have learned, an expanded group of representatives and experts of the Defense Ministry and Interior Ministry is taking part in the work of the State Commission.

The current situation in Groznyy and around the Chechen capital is being reported on, using latest maps and diagrams.

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The order to hold an emergency session of the State Commission was made on Friday [9 August] by President Boris Yeltsin of the Russian Federation personally. The head of state instructed State Commission Chairman Viktor Chernomyrdin to establish the circumstances and ascertain who was to blame for the aggravation of the situation in Groznyy and announce measures to be taken.

Russia: Spokesman, Aide Deny Chechen Rebel Claims of Zavgayev Death

LD1008152596 Moscow INTERFAX in English 1451 GMT 10 Aug 96

[FBIS Transcribed Text] GROZNYY, Aug 10 (INTERFAX) — An official Russian spokesman on Saturday [10 August] denied claims by the Chechen separatist leadership that the head of Chechnya's pro-Moscow government, Doku Zavgayev, had been killed.

Sergey Slipchenko, chief spokesman for a state commission for the settlement of the Chechen conflict, told INTERFAX he had spoken to Zavgayev on the telephone on Saturday evening and that Zavgayev was expected to take part in a commission meeting in Moscow on Sunday [11 August]. The meeting has been ordered by President Boris Yeltsin.

Zavgayev's death has also been denied by his aide Zainal Abdiyeva. "I spoke to him on the telephone at 1700 and I can assure you that Doku Gapurovich [Zavgayev] is safe and sound," she told INTERFAX.

She said rumors about Zavgayev's death were being spread by the opposition in a bid to "sow discord" among Chechnya's population.

Russia: Defense Minister Rodionov Views Situation in Groznyy

LD1108204996 Moscow Radio Rossii Network in Russian 1900 GMT 11 Aug 96

[FBIS Translated Text] No additional military forces will be needed to introduce a state of emergency in Chechnya, Russian Defense Minister Igor Rodionov believes. He thinks that the troops deployed in the North Caucasus military district are quite sufficient for the purpose. He said that the next task of those in charge of the Defense Ministry, Interior Ministry, and other relevant departments would be to arrive at a correct appraisal of the situation in the region and to take measures commensurate with the situation.

The military has already started working on an operation plan, Rodionov reported. He rejected the declarations blaming the army for escalating the situation in Groznyy. At the same time, the defense minister acknowledged that those who carried out the operation in the center of Groznyy could have fought better and in a more clever way, end of quote.

Rodionov believes that the main tragedy of what has happened in Groznyy lies in heavy losses.

Russia: Chechens Deny Commander Basayev Left Grozayy

LD1108124596 Moscow INTERFAX in English 1228 GMT 11 Aug 96

[FBIS Transcribed Text] SOUTH CHECHNYA, August 11 (INTERFAX) — The Chechen separatist headquarters have denied rumors that one of the men in charge of the attack on Groznyy field commander Shamil Basayev has left the city.

The headquarters told INTERFAX 500 to 1,000 more gunmen would be sent to Groznyy during the next few days. The source believed about 4,500 men are currently operating in the capital.

Russia: INTERFAX Summarizes Status of Chechnya Fighting

LD0908135096 Moscow INTERFAX in English 1341 GMT 9 Aug 96

[FBIS Transcribed Text] GROZNYY, August 9 (INTERFAX) — Russian tanks today broke through to the Federal Security Service (FSB) building in Chechnya's capital Groznyy, besieged by militants, a spokesman for the separatist command has reported, adding that two tanks were hit as they were approaching the building, and three came close to the premises and opened fire on rebels.

Following the tanks' arrival, separatist units have halted their assault on the FSB premises and have regrouped, taking up positions 50-70 meters from the FSB headquarters.

The rebels, according to a Chechen military source, have been shelling the FSB building with light mortars and grenade throwers, trying to put the Russian tanks out of action.

The interim Russian forces' press center has reported that a number of Russian assault units, backed by police, came close to the government buildings compound at 2:30 p.m. These troops, according to the source, are in contact with the FSB, Interior Ministry officers and other servicemen defending the compound against militants.

Fresh assault units entered Groznyy Friday [9 August] afternoon, the source said.

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In some areas, especially those on the route of Russian combatants, trying to gain access to the city center from the north, the militants have put up fierce resistance. Detected separatist gun batteries have been destroyed by mortars, the source said, adding that all has been done to evacuate the civilians, journalists included, from a hotel in Groznyy's center.

Meanwhile, journalists have asked the OSCE and International Red Cross missions to contact the warring sides and help evacuate civilians from the city center.

Vasiliy Vlasenko, chief of the Russian government mission's press center in Chechnya, said the militants have been shelling the hotel and the Chechen Interior Ministry from a tank and an armored vehicle that have got into the government compound. He claimed that separatists have been using tear gas against the Russian servicemen, who have taken up positions in the ruined buildings of the government compound.

Vlasenko said two police platoons came out of the burning Government House on Friday afternoon and approached the hotel to help its occupants. However, they have been running out of ammunition.

"In the evening on Thursday [8 August], some journalists took refuge in the building of the Chechen Interior Ministry", Vlasenko said, quoting First Deputy Interior Minister Yuriy Plugin as reporting "heavy police casualties and melees during the defense of some district police stations in Groznyy".

Meanwhile, according to a spokesman for the Russian stronghold in Khankala, a meeting was held at the Chechen Interior Ministry around noon today to discuss the situation in Groznyy. Chaired by an official of the Russian Internal Ministry's Coordinating Center, the meeting was attended by commanders of the defending police and FSB units.

A spokesman for the center has told INTERFAX that 13 Russian policemen have been wounded in the fighting, although none have been killed. "The coordinating center's personnel has enough men and ammunition to defend the building," the spokesman said.

According to the opposition headquarters, heavy battles flared up in three places outside Groznyy's center Friday afternoon - Chernorechye, a south-western suburb; the road leading to the Severnyy airport; and the Michurin community, through which an armored convoy has been passing from its Khankala base.

At Chernorechye, the rebels have been fighting a fierce battle with the Russian servicemen, defending the commandant's building. Russian helicopters have been dropping bombs on the area.

On the road linking the city with the Severnyy airport, where a group of Russian troops is stationed, militants have been preventing Russian tanks from reaching Groznyy, the opposition said. "Attacks have been following in waves, one after another," field commanders said.

In Michurin, "bloody battles" are under way between a Russian armored convoy and rebel troops. The Russian side has been using aircraft and artillery, the opposition claims.

At 1:00 p.m., a battle began at a tram depot, where, according to the Chechen military, the Russian paratroopers have managed to regroup after their breakthrough. Up to 40 armored vehicles are deployed there.

The fighting in Groznyy has "toughened" in the second half of the day, the source said.

According to intelligence data, in some Chechen areas, Groznyy included, separatists have been actively recruiting teenagers and men under 30 for the anti-Russian resistance movement. "There are facts of arms distribution," the source said.

Russia: Basayev Says Russians Suffering 'Horrifying Losses'

LD1008180396 Moscow INTERFAX in English 1737 GMT 10 Aug 96

[FBIS Transcribed Text] SOUTHERN CHECHNYA, Aug 10 (INTERFAX) — A spokesman for Chechnya's separatist general staff said fighting in the region's capital Groznyy "began to subside" at dusk on Saturday [10 August].

The spokesman, talking to INTERFAX, quoted separatist field commander Shamil Basayev as saying in his latest radio report from Groznyy that Russian troops were trying to break into the city center, sustaining "horrifying losses" of both personnel and materiel. Basayev said that on Saturday alone the Russians had lost more than 30 pieces of armor.

Basayev, who last summer led a violent hostage-taking raid into southern Russia, described the current fighting as "blood mash." He said Groznyy was "full of trenches and holes" in which local residents were burying decaying corpses. Local Chechens were also burying hundreds of bodies inside the capital.

Basayev is now in charge of rebel forces in Groznyy, coordinating the so-called "zero option" operation, approved by the supreme separatist military body, the Defense Committee.

The spokesman said the Russian army had already suffered heavier losses than it did in storming Groznyy in

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January 1995, when one of its brigades was practically wiped out. According to what the spokesman called very rough estimates, the Russians have lost more than 1,000 troops.

Meanwhile, a spokesman for the Russian command in Chechnya told INTERFAX intense fighting was in progress in the heart of Groznyy with the use of artillery and all kinds of small arms. Heavy rain and thick fog were making large-scale operations impossible, he said.

Russia: Pulikovskiy Interviewed on Situation in Groznyy

LD1108112996 Moscow Russian Television Network in Russian 1000 GMT 11 Aug 96

[From the "Vesti" newscast]

[FBIS Translated Excerpt] Our correspondent has managed to put some questions to Konstantin Pulikovskiy, commander of the joint group of federal forces in Chechnya. Last Tuesday [6 August], at the end of the first day of fighting, he claimed in a live interview in our program that the situation was under control. Let us hear what he has to say this time.

[Begin Pulikovskiy recording] We would not have gone into Groznyy at all. What purpose was there in doing so? They must have realized that we would go to rescue our comrades, that we would not leave them on their own. That is why I used three lines of approach to all these buildings, and everywhere we met fierce ambushes. Everywhere land-mines had been planted and streets dug up. Last night at 2115, we lifted the blockade and our group entered the town center. [passage omitted]

Russia: Main Fighting in Groznyy Concentrated in Three Areas

LD1108204496 Moscow ITAR-TASS World Service in Russian 1403 GMT 11 Aug 96

[By ITAR-TASS correspondent Boris Kipekeyev]

[FBIS Translated Text] Moscow, 11 Aug (Itar-Tass) — As of 1630 Moscow time, the major clashes between federal force sub-units and separatists' groups in Groznyy are occuring mainly in three areas. An ITAR-TASS correspondent was told on the telephone at the Russian Federation interior troop headquarters that a concentration of rebel fighters had been seen close to municipal hospital No. 9, which is under the control of federal troops, where there are prisoners and wounded rebels.

Subunits of the 101st and 34th brigades of the interior troops are repelling an enemy onslaught on Minutka square (2-3 km from the center of Groznyy).

At 1540, Moscow time, storm detachments cleared the 13th control point of the federal forces on the Sunzha river on the border of Zavodskoy district. Ammunition, dry rations, and medical supplies are being delivered there. There is a relative, "uneasy" calm in other parts of the city, according to the press center of the Russian interior troops.

Russia: Federal Source Admits Rebels Control 'Most' of Groznyy

LD1208063096 Moscow INTERFAX in English 0620 GMT 12 Aug 96

[FBIS Transcribed Text] Groznyy, August 12 (INTERFAX) — Chechen separatists control most of the Chechen capital of Groznyy, a spokesman for the Russian headquarters in Chechnya told INTERFAX this morning.

Arms, ammunition, and provisions have been delivered to the militants via the road from the Berkat-yurt community to the Staraya Sunzha district in Groznyy, he said. "The militants do not plan to leave the city and are getting ready for defense, making long-term gun emplacements, laying landmines, and planning ambushes," the military said.

The city of Argun, 15 kilometers from Groznyy, is in separatist hands, the source said. He described the situation around Gudermes, Chechnya's second largest city, as "tense."

"Angered by the rebels' inactivity, the separatist leadership has dispatched representatives to Gudermes to coordinate actions there," the source reported.

At a rebel base discovered at Kurchala, a village in southern Chechnya, "there are about 30 mercenaries, mainly Arabs, armed with a tank and two armored vehicles," the source said.

Russia: Pulikovskiy Says Russian Troops Expanding Area Under Control

LD1208094496 Moscow INTERFAX in English 0918 GMT 12 Aug 96

[FBIS Transcribed Text] Groznyy, Aug 12 (INTERFAX) — Russian troops are continuously expanding the area under their control in the center of the Chechen capital of Groznyy, Gen. Konstantin Pulikovskiy, commander of the Russian troops in Chechnya, told a Monday [12 August] news conference in the Russian headquarters in Khankala, a suburb of Groznyy.

The Chechen separatists in Groznyy knew where the Russian reinforcements would arrive from and laid mines and took other steps to obstruct their advance,

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he said as he explained the slow progress of federal units fighting their way from Khankala and Severnyy airport to the center of the city.

Communication links are maintained with all district police headquarters and military commandant offices, Pulikovskiy said. The police and servicemen there have enough ammunition and food supplies to continue fighting, he said.

Defense Ministry units account for most of the recent casualties, Pulikovskiy said. The separatists are continuously firing on the federal units and their sharpshooters are active.

Ten women have been moved from the Groznyy maternity hospital, once surrounded by the rebels, to the medical center of the 166th Brigade, where a girl was born, he said.

Russia: Chechen Statement Issued on Russian Armored Columns, Air Raids

LD1008092596 Moscow Radio Rossii Network in Russian 0700 GMT 10 Aug 96

[FBIS Translated Text] Movladi Udugov, the [Chechen] separatists' press and information minister, has told us that he intends today to continue his contacts with representatives of the federal side on the issue of getting journalists and civilians out of the center of Groznyy. This is what he had to say on the telephone about the situation in Groznyy.

[Begin Udugov recording] Throughout the past night Russian aircraft have been inflicting bombing strikes on the Itum-Kalinskiy [Itum-Kale] and Shatoyskiy [Shatoy] districts of Groznyy, including the use of so-called penetration bombs. The town of Groznyy has been subjected to particularly intensive bomb strikes with bombs falling on residential areas and demolishing whole apartment blocks. It is practically impossible at present to establish the numbers of civilian casualties, since after the bombing strikes Russian armored columns immediately began advancing to the town from the directions of Khankala airport, (?Mishefa Mansura) airport [as heard], and Shali. The armored columns advancing toward Groznyy contain in all up to 500 armored vehicles. The situation is grave and there is heavy, bogged down fighting. The columns of Russian armor in virtually all directions have been halted and the Russian armor and infantry are being wiped out. Combat actions have developed at the start of Pervomayskaya Street, the Chernorechye and Zavodskoy districts, and in the vicinity of Staropromyslovskoye Highway and a number of other places in the town of Groznyy. There is virtually no place in Groznyy where fighting is not underway.

Yesterday I was due to contact [Sergey] Slipchenko [press secretary of the State Commission for a Settlement on Chechnya] but unfortunately I was unable to telephone him, because exactly around 1000, when we had agreed to be in contact, an intensive bombardment commenced and I was unable to make the call. However I shall be in contact this morning. This is Movladi Udugov, press and information minister of the Chechen republic of Ichkeria. [end recording]

Russia: Maskhadov: Contract Troops Not Subject to Geneva Convention

LD1008110496 Moscow INTERFAX in English 1056 GMT 10 Aug 96

[FBIS Transcribed Text] SOUTH CHECHNYA, Aug 10 (INTERFAX) — Separatist commander Aslan Maskhadov has confirmed that his order not to execute Russian prisoners of war does not apply to those who serve under contract.

Unlike conscripts and officers "who have certain rights under international conventions," those who serve under contract are viewed by the Chechens as mercenaries, Maskhadov told INTERFAX's correspondent on Saturday [10 August].

The separatists maintain that those who serve in the federal army under contract are particularly cruel toward civilians.

According to separatists, they captured about 40 Russian troops.

According to the federal command, more than 50 Russian servicemen are considered missing after four days of fighting in Groznyy.

In the meantime the reports that rebels kill those serving under contract with particular brutality have been confirmed. For instance, seven severed heads were discovered on Friday [9 August]. According to eyewitnesses, captured soldiers serving under contract were not shot, but beheaded, and their heads were thrown away or displayed on sticks.

Russia: Passenger Train Hit by Bomb Near Volgograd

LD1208050196 Moscow ITAR-TASS in English 0421 GMT 12 Aug 96

[FBIS Transcribed Text] Volgograd, August 12 (Itar-Tass) — A blast hit one of cars of passenger train 606 at 5.15 a.m. on Monday [12 August].

The train was en route from Astrakhan to Volgograd. A police spokesman told Itar-Tass that eight passengers

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were injured. Three are critically severe and five are in moderate conditions.

An explosive went off when the train was at the Trubnaya station, some 15 kilometres from Volgograd.

Economic Issues

Russia: Yasin Interviewed on Russia's Economic Outlook

MK1008075896 Moscow NEZAVISIMAYA GAZETA in Russian 9 Aug 96 pp 1-2

[Interview with Economy Minister Yevgeniy Yasin by Rustam Narzikulov; place and date not given: "Yasin Plans To Save 10-20 Trillion Rubles. Of All Budget Expenditures, Payments to T-Bill Holders Are the Most Protected Budget Item"]

[FBIS Translated Text] [Narzikulov] Yevgeniy Grigoryevich, do you have any information about the new composition and structure of the government?

[Yasin] I do not consider it appropriate to respond to this question on the eve of the official announcement of the government composition.

[Narzikulov] Who initiated the presidential edict "On Urgent Measures To Ensure an Austerity Regime in the Process of Budget Implementation for the Second Half of 1996" that calls for a renunciation of some funding decisions earlier made by the state?

[Yasin] It was "initiated" by the budget situation, and it was worked out by us and the Finance Ministry. The situation needs to be straightened out and so we are making efforts to boost revenues, but on the other hand, we are revising spending programs. This could save 10-20 trillion rubles.

[Narzikulov] How do you plan to rescind the decisions that were made by the president, the government, and the Duma — that is to say, by different branches of power? After all, it is easier to revoke a government decree than "come to terms" with the Duma.

[Yasin] The presidential edict envisions that, with respect to the enactments made by the various branches of power, different revocation measures will be applied. To suspend the effects of laws adopted by the Duma, the government has to send a corresponding request to the lower house of parliament.

[Narzikulov] In your opinion, does the draft presidential edict have more of the positive: cutting budget expenditures, or of the negative: increased mistrust in the policy of the government that rescinds its own decisions?

[Yasin] Many of the decisions affected by the edict still have no real sources of funding and so I would not talk about negative fallout from the edict in the first place.

[Narzikulov] Yet this list includes social programs. The rich beneficiaries of state support like, for instance, prominent art figures, will certainly survive, but what about ordinary doctors and teachers?

[Yasin] We shall not discard important social programs.

[Narzikulov] Strangely, the very first steps by the government after the elections — for instance, the hiking of taxes on alcoholic beverages — rather accurately coincide with the demands by the IMF presented in an appendix to a corresponding agreement between Russia and the IMF. Is this just a coincidence?

[Yasin] These steps conform not only to the agreement with the IMF, but also to our own ideas. Frankly speaking, I never even remembered that alcohol problems were reflected in the agreement with the IMF. We simply knew that priority should be given to alcohol production and distribution. This problem was addressed by a special commission — headed by First Deputy Economy Minister Yakov Urinson. Well before the elections a large number of decisions were made: to introduce minimum prices; to up the excise duty; and so forth. Now we are simply bringing everything to its logical conclusion, and we want one of the largest budget revenue sources to be tapped to the degree possible. In this process, of course, we follow our obligations to the IMF.

[Narzikulov] If Russia strictly adheres to its obligations to the IMF, a "crackdown" on natural monopolies should be expected in the very near future?

[Yasin] With respect to natural monopolies we have generally fulfilled our obligations. Federal independent commissions were set up with deal with various monopolies: energy, communications, and transport. My task now is to fight with these commissions, because they are headed by people who are connected with the monopolies, and they tend to connive with them.

[Narzikulov] Connive in what sense?

[Yasin] They allow for price increases above the requisite level. I even kick myself for failing, in my time, to ensure that the regulation of the natural monopolies be entrusted to the Economy Ministry. It is quite independent of any departmental interests, and has the requisite cadres. I shall always adhere to the point of view that the activity of natural monopolies should be controlled proceeding from the general state of the economy.

[Narzikulov] Now the first chairman of the Federal Energy Commission, Anatoliy Chubays, has been ap-

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pointed presidential chief of staff. Presumably there are some grounds for counting on his support?

[Yasin] The incumbent head of the Federal Energy Commission, former Fuel and Energy Minister Korsun, has been connected with the power industry throughout his career. The question arises: To what extent will he and his commission pursue a reasonable policy? In fact, enormous work is called for here — work that was, in its time, done by the USSR State Price Committee [Goskomtsen]: cost and price analysis and, generally speaking, a very close oversight of these matters.

[Narzikulov] How do you account for the IMF's special interest in one natural monopoly, Gazprom? The appendix to the agreement with the IMF includes a whole section devoted to this one, even if largest, company.

[Yasin] This interest is due to the fact that this company is one of the three natural monopolies. The same level of attention is given to the Railways Ministry and the RAO [Russian Joint-Stock Comapny] Integrated Power Grid. But the enhanced interest in Gazprom has probably yet another dimension. In recent years the IMF acted on the presumption that execution of the Russian budget is for the most part linked with oil and gas, and that the oil and gas sector has not been sufficiently taxed. But we have met all of the IMF demands: We have abolished Gazprom's and the RAO Integrated Power Grid's stabilization funds. The Railways Ministry's fund was also abolished, although it was given the right to centralize part of the amortization fund, but all of this is perfectly legal. I believe that the time when the fuel and energy complex had superfluous financial resources is past. We even conducted a special survey showing that the level of taxation in the oil industry is even higher than in other countries. As concerns natural gas, the IMF, indeed, has an enhanced interest here.

[Narzikulov] Yet the IMF's special attention to Gazprom is not only of a fiscal character. The IMF clearly intends to split the largest company.

[Yasin] A natural monopoly is "natural" because it is always not expedient to promote a competitive environment in such a sector. The world's diamond market, say, is controlled by De Beers. Would it be beneficial to disrupt a centralized distribution system? No. Everybody would stand to lose. The same applies to gas. Or take another example. A decision was made to promote competition in the energy system, and regional energy companies were established. And these companies ended up as local monopolies just the same. This pattern is universal.

[Narzikulov] There is talk in the oil and gas sector to the effect that the IMF is deliberately "stifling" Russian companies under the pressure from large Western firms that do not want to put up with a growing Russian presence on the international market.

[Yasin] I can only tell you that the IMF itself always denies any influence from national governments, especially companies, on its policy. I believe that most of the time IMF leaders would never present their case in such a way that even the slightest suspicion to that effect might emerge. Yet I do not rule out that private companies do have some influence, and this certainly applies to national governments. The latter is not a particularly guarded secret. On behalf of our government I can say that in this respect we shall act strictly in conformity with our interests. And if Gazprom is a powerful international company, we are not going to break it up into smaller units for the sake of ill-conceived competition.

[Narzikulov] How do you assess the condition of the internal state debt market?

[Yasin] I can tell investors with a full sense of responsibility that the Finance Ministry will honor the state debts, and there should be no doubts on this count. The technology of handling state securities ensures their guaranteed redemption. In this way they differ from other paper. How much this will cost the state is another question. At the same time we are to cut borrowing and reduce T-bill yields. To us this is a life and death matter. If we manage to lower the banking interest rate, we shall approach, head on, the issue of arrears. Now arrears are the reverse side of the unavailability of loans. When the interest rate is excessively high, a bank loan is replaced by an obligatory commercial credit.

[Narzikulov] If we look at the history of the T-bill market in Russia, we shall see that the damage to the country from its development in the past two years has been greater than the momentary gain for the budget: The T-bills killed the last vestiges of investment activity in the production sphere while the internal debt rose fantastically, when the Central Bank dumped paper at half price.

[Yasin] I do not quite agree with you. In late 1994 it was decided to abandon the practice of Central Bank direct loans to the budget, replacing it by the issue of securities. Then it was planned, in 1995, to boost tax collection so that the T-bills are not the main budget revenue source. This was a conscious decision, but because the tax collection problem was not effectively resolved, the T-bill market became overheated. We had to tap this source more often than we intended. This entailed a mass of very unpleasant consequences, as you have rightly pointed out. Even so, I cannot agree that the T-bill market has been a liability rather than an asset. After all, inflation fell to below 1 percent. And it will not

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be possible to quickly lower T-bill yields — what with pending large redemptions in August through October. And so the T-bill "trail" will continue for a long time yet, because budget expenditures for extinguishing the debt are not subject to sequestering.

[Narzikulov] Will interest payments on commercial bank deposits be taxed?

[Yasin] This question is pending. I am for it. I hope that the Duma will approve it in spite of the powerful resistance of the sides concerned.

Russia: Livshits Calls Budget Situation 'National Disgrace'

MM0908115696 Moscow IZVESTIYA in Russian 9 Aug 96 p 1

[Report by Dmitriy Dokuchayev under the "Primary Source" rubric: "Presidential Aide Aleksandr Livshits: 'The Budget Situation in the Country Is a General National Disgrace'"]

[FBIS Translated Text] "Money is due to everyone, but there is not enough for everyone. Therefore humiliating lines form in which everyone waits, from the defense minister down to the striking miners," Livshits stated at a meeting with Russian businessmen at the Moscow VIP Club.

On Inflation

At the same time, whatever method is used to estimate it, there is sufficient money in the country, and the authorities do not intend to deviate from the anti-inflation policy. "The first thing I did on the morning of 4 July after the elections," Livshits said, "was to call Dubinin at the Central Bank and thank him for not giving anyone any money during the election campaign." However, the main battle to pump money into the economy will be in the fall. And if the "falling ruble party" wins, such a wave of inflation will rise up that it will swamp all the debts, defaults, and losses.

On Taxes

The presidential aide described the problem of the rate of tax collection as a matter of life and death, while noting positive developments in this process. True, of the 19.9 trillion rubles [R] collected in July, half were treasury tax exemptions, but compared with June the increase in "real" money received was 30 percent. And this in spite of the fact that a number of measures to increase the level of tax collection have not yet been brought into play. It is a question of imposing order as regards all kinds of concessions. Livshits highlighted two types of concessions: legislative, which, according to government figures, run to R100 trillion, and concessions by the executive authority, estimated at R20 trillion.

On Structural Reform

A most important task for the new government is finally to implement a structural reform of the Russian economy. It is necessary to deal with such "monsters" as the Integrated Energy System Russian Joint-Stock Company, "Gazprom," and the Ministry of Railways. The person who is to tackle this titanic task in the government, in Livshits' graphic expression, will have to "come along, do it, and burn up like a solar flare."

On Reform of Municipal Services

A tough reform of municipal services lies ahead of us, but it will have to be done sooner or later. You cannot progress along the market path while leaving a vast "island of socialism" in this sphere. And although one feels sorry for innocent grandmothers, citizens cannot go on paying so little for electricity and other municipal services. Now is the right political moment to make this unpopular decision.

On His Own Future

Aleksandr Livshits said that he has never complained about the president's ignoring his advice. "But it is for the president to decide what will happen about that."

Russia: Consumer Price Movements in July Reviewed

MM1208151896 Moscow ROSSIYSKAYA GAZETA in Russian 10 Aug 96 p 10

[Unattributed report: "Have Prices Gone Up?" — from the "Business in Russia" section]

[FBIS Translated Text] As of 29 July the cost of the basket of 19 basic food products cost 258,800 rubles [R] per month on average throughout Russia, and it has fallen by 0.4 percent, or by R1,076, as compared with the end of last month.

According to the Russian Federation State Committee for Statistics, looking at all the economic regions, the basket of goods remains most expensive in the Far East Region (R415,000), and cheapest in the Central Chernozem Region (R208,000).

Over the month the cost of the basket of goods has gone up the most in the Northwestern Region (1.6 percent), the Northern Region (0.7 percent), and the Volga Valley Region (0.5 percent), where it went up by 7.5 percent [sentence as published]. The reason for this increase for basic food products in this oblast was the local administration's abolition of coupons for the

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sale of a number of products. As a result of the seasonal reduction in the prices of fruit and vegetables, the basket of products was cheapest in the Central Chernozem and Volga-Vyatka Regions — by 4.1 percent and 2.9 percent respectively. The cost of the basket of 19 basic food products was R312,900 in Moscow and R252,400 in St. Petersburg.

At the same time, the overall increase in the price of food goods in July was 0.2 percent. Potatoes went up more substantially — by 1.7 percent. The price of bread and bakery products went up by 2.1 percent.

Of the other food goods, cooked sausage, poultry, and individual types of hulled products, as well as juice and canned fruit for babies, went up the most — by 1.1-2 percent.

At the same time, the rate of the seasonal fall in the price of the majority of vegetables continued to increase. Thus, by the end of July the price of vegetable output fell by a total of 13.3 percent due to the abundant harvest, including cabbage by 25.3 percent, garlic by 11.6 percent, and onions by 9.2 percent. In July vegetable oil, animal fats, milk, eggs, cream, and cream cheese went down by 1-3.5 percent, and frozen fish, sugar, and margarine by 0.8-0.9 percent.

The price of alcoholic drinks went up by 2.4 in the course of the month. Brandy went up least of all — by 1.8 percent.

In July the price increase for non-food goods was 0.9 percent. The price of individual types of medicines, bicycles for adults, fuel for the population (firewood), school satchels, and lumber went up the most — by 2.4-3.2 percent. Of the other non-food goods, the price of silk, individual types of sewn goods, summer footwear, furniture, metal utensils, newspapers, and filter cigarettes produced at home and abroad went up by 1.1-1.9 percent.

Russia: Impact of Proposed Electricity Price Hike Assessed

MM1208152296 Moscow ROSSIYSKAYA GAZETA in Russian 10 Aug 96 p 2

[Report by Aleksey Chichkin: "Power Therapy. Whom Will It Cure. Electricity Price Rises Loom"]

[FBIS Translated Text] The Federal Energy Commission instructed the government 8 August to examine its proposal to introduce differentiated electricity tariff bands for the population, which it is believed expedient to introduce as of October 1996.

According to the Federal Energy Commission recommendations, if monthly electricity expenditure is less than 200 kilowatt-hours, the tariff will be 200 rubles [R] per kilowatt-hour. Power utilization in excess of this indicator will be more expensive — the average rate will be R400 (with regional differences).

This is not the first year that there have been discussions about the price of electricity. It is well known that for many years the Russian population paid the lowest price in the world for its electricity. On the other hand, our industry pays for its power under a tariff that is more than four times more expensive than for the power supplied to residents of cities and villages.

But the cost of producing and delivering electricity is increasing, not least as a result of price rises for the "raw materials" required for electricity — coal, fuel oil, and diesel.

The YeES Rossii Russian Joint-Stock Company and the Russian Federation Ministry of the Economy and Ministry of Fuel and Energy believe that the further existence of these tariffs could lead to the shutdown of industry, which is already being stifled by nonpayments to fuel and energy complex enterprises — primarily power stations. We need to increase tariffs several times over. And as quickly as possible.

But what about poor citizens, what can they expect? According to Georgiy Kutovoy, chief of the Russian Federation Ministry of the Economy Electricity Department and deputy chairman of the Federal Energy Commission, any increase in electricity tariffs will have a baleful effect on the position of the poorer section of the population. Consequently, a concessionary tariff of approximately R100 per kilowatt-hour will be brought in for them.

G. Kutovoy believes that this is a bitter pill to swallow but that it is necessary and will help us to remedy the defaulting situation in power generation (the total amount owed by electricity consumers is nearing R70 trillion), so it is necessary to change tariffs.

But will the new tariffs be able to fundamentally alter the situation, particularly as regards defaulting by poorer citizens on their electricity payments? If, for instance, the average monthly spending on electricity by a family of two pensioners in Moscow comes to no more than R10,000, the introduction of the new tariffs will mean they will be paying at least R18,000.

The new electricity prices mean that the cost of transportation, food, and services will also go up. But pensions and "average" earnings cannot be stretched ad infinitum.

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National Affairs

Ukraine: Kuchma Dismisses Ministers, Committee Chairmen

LD0908171096 Kiev UNIAR in Ukrainian 1605 GMT 9 Aug 96

[FBIS Translated Text] Kiev — The president of Ukraine has issued a decree dismissing Ihor Ivanchenko from the post of deputy minister of statistics in connection with his transfer to another job; Mykola Borysenko from the post of minister of statistics in connection with his retirement on pension; Vladyslav Yermakov from the post of chairman of the State Committee for the Protection of Consumers' Rights in connection with his transfer to another job; Yevhen Dovzhok from the post of chairman of the State Committee for Oil, Gas, and Oil Refining Industry in connection with his retirement on pension; and Arkadiy Yermakov from the post of minister of social protection of the population in connection with his retirement on pension.

The president also signed decrees appointing Ivan Mykhalchuk to the post of chief of the Main Directorate for Radio Frequencies under the Cabinet of Ministers of Ukraine and Viktor Vashchilin to the post of chairman of the Expert and Technical Committee under the Cabinet of Ministers of Ukraine.

Ukraine: Kuchma Makes New Cabinet Appointments

LD0908184196 Moscow INTERFAX in English 1608 GMT 9 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Leonid Kuchma has made a number of cabinet appointments, his press service has reported to Interfax.

Kuchma's decrees appoint Mikhail Zgurovskiy as education minister, Nikolay Beloblotskiy as employment minister, Oleksandr Osaulenko as statistics minister, Dmitriy Khudoley as communication minister.

Besides, Bogdan Babiy becomes chairman of the State Oil, Gas, and Oil Refinement Committee, Stanislav Sivokon becomes chairman of the State Committee for the Protection of Consumers' Rights, Ivan Mikhalchuk becomes chairman of the Cabinet's Main Department for Radio Frequencies, and Viktor Vashchilin becomes chairman of the Cabinet's Technical Experts' Committee.

Relieved of their duties are Igor Ivanchenko, stepping down as statistics minister "because of transition to another job," and Vladislav Yermakov, resigning as head of the State Committee for the Protection of Consumers' Rights "because of transition to another job."

On top of that, Kuchma appointed a number of regional governors.

Oleg Demin was decreed governor of the Kharkov region, even though he has been acting governor of the region in line with an earlier presidential decree. Earlier still he was deputy speaker of the Ukrainian parliament.

Kuchma also put Yuriy Karasik in charge of the Kherson region's administration. Nikolay Kruglov becomes head of the Nikolayev region, Hennadiy Fomenko appointed governor of the Lugansk region, and Nikolay Derkach is placed in charge of the Dnepropertrovsk region.

Ukraine: Nuclear Industry Receives Over $53 Million in Aid

LD1108151496 Kiev Radio Ukraine World Service in Ukrainian 1300 GMT 11 Aug 96

[FBIS Translated Text] In the last five years, Ukraine's State Committee for the Use of Nuclear Power has received over $53 million in foreign technical aid. The committee's public relations department has told Interfax-Ukraine that the U.S government, in particular, allocated in different years $22 million in technical aid to enable Ukraine to acquire a full-size simulator for the Khmelnitskiy Nuclear Power Station [NPS] and to improve fire safety at the Zaporozhye NPS. Twenty million dollars were allocated from the U.S. budget to build a repository for spent fuel at the Zaporozhye NPS, to work out a program for training nuclear station operators, to solve problems of radiation control and improve fire safety.

The U.S. government and Westinghouse [Electric] Corp., have allocated $200,000 each to carry out a feasibility study of an automated control system project for the Khartron enterprise [in Kharkov].

The governments of the FRG, France, and Japan also allocated large sums to meet the needs of Ukraine's nuclear power engineering industry.

Ukraine: Vice Admiral Bezkorovaynyy Cited on Navy's Present, Future

MK1008110496 Moscow NEZAVISIMAYA GAZETA in Russian 9 Aug 96 p 3

[Report by Tatyana Ivzhenko and Andrey Kapustin: "Kiev Declines To Go Ahead With Second Stage of Black Sea Fleet Division"]

[FBIS Translated Text] Ukraine will mark its Independence Day by holding a military parade in Sevastopol

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on 24 August. This was announced by Vice Admiral Volodymir Bezkorovaynyy, deputy defense minister and commander of Ukraine's naval forces. According to him, the military parade in Sevastopol will signal once again that "this is our city, our territory." Speaking of how the Russian Black Sea Fleet would regard such an event, the commander pointed out: "After all, we do not prevent the Russians from marking their military holidays in Novorossiysk, Moscow, or Petersburg." Volodymir Bezkorovaynyy also stated that the political situation in Sevastopol is normalizing. In his words, a substantial part of the problems of the Ukrainian and Russian fleets have been resolved with the resignation of the Black Sea Fleet commander, Admiral Baltin. However, the commander of Ukrainian naval forces pointed out that the atmosphere in Sevastopol cannot be called cloudless today. "There are no problems in relations, but there are forces who profit from the existence of such problems. These forces are trying to destabilize the situation," Bezkorovaynyy thinks.

The vice admiral added that the solution of the political problem of dividing the fleet is within the competence of the presidents of Ukraine and the Russian Federation. "Politicians today cannot make up their mind about resolving the fleet problem," Volodymir Bezkorovaynyy stated. "If someone is unable to peacefully coexist with the Ukrainian part of the fleet, let them look around for another base." The bringing of politics into it, according to the Ukrainian commander, has already reduced the fleet to an extremely unsatisfactory technical condition. Saying that the majority of the Black Sea Fleet's watercraft cannot be called other than scrap metal, the vice admiral charged the forces he did not identify of ruining the fleet deliberately and in a planned manner. Furthermore, Bezkorovaynyy accused the Russian side of an attempt to "deceive the Ukrainian military leadership" in the process of the so-called second stage of the division of the fleet. In his words, whereas in the course of the first stage, Ukraine had to accept ships in an unsatisfactory condition, there are many more problems during the preparations for the second stage. The deputy defense minister argues in particular that servicemen of the Black Sea Fleet dismantled and carried away the storage batteries of all three submarines that were to be turned over to Ukraine.

In the course of the second stage of dividing the Black Sea Fleet, the naval forces of Ukraine were supposed to have accepted from the Black Sea Fleet, before 1 June, more than 30 ships and light boats, which would have required about three trillion karbovanets for the Ukrainian fleet to restore to technical readiness. It was planned that Ukraine's navy would have 170 watercraft on completion of their transfer. According to Volodymir Bezkorovaynyy, the Russian side has not met its obligations under the first stage of the division of the fleet. "The first stage began unexpectedly," said the Ukrainian naval forces commander. "It has been three years now since the theoretical division of the fleet on paper." But the Russian side is yet to turn over to Ukraine some of the documents and watercraft equipment as was agreed. Ukraine has now begun to decline to go ahead with the second stage of the fleet's division under the Russian-Ukrainian agreement signed in Tysovets, Lviv Oblast, this past spring, because the 54 ships it was to receive at that stage, according to Volodymir Bezkorovaynyy, "cannot even stay afloat, let alone guarantee the state's defense capability." The naval commander pointed out that the Ukrainian side could only find out about the technical condition of the ships offered it after the agreements had been signed.

Now, believing that Russia would once again try to deceive Ukraine in the process of the division of the fleet, Bezkorovaynyy stated his intention to soon withdraw his signature from the documents on the second stage of the division of the fleet. The Ukrainian side insists that the corresponding agreements be revised and Ukraine be given the right to receive 54 ships in the proper technical condition.

The commander named yet another problem — the fleet's debts to Sevastopol. "Today, no one pays for anything," the vice admiral stated. In his words, the Russian side only underwrites the pay for its servicemen, whereas the fleet's infrastructure is kept up exclusively by the Ukrainian budget and donations from Ukrainian structures. As a result the fleet's debt to Sevastopol tops seven trillion karbovanets today. Incidentally, Volodymir Bezkorovaynyy pointed out that, like their Russian counterparts, Ukrainian sailors are paid their money on time despite the nationwide crisis of back wages.

In winding up, Bezkorovaynyy called upon the public not to regard the fleet division problem as a catastrophe. Ukraine, in fact, is getting ready to add to its fleet. Currently under construction in Kiev are corvettes named the Lviv and the Zaporizhska Sich. Under construction in Feodosiya are two antisubmarine ships — the Lugansk and the Ternopol, as well as a hovercraft, the Poddubnyy. Several ships and a frigate are being built in Kerch, and Ukraine intends to finish construction soon of the cruiser Ukrayna. Incidentally, the latter ship, the commander admitted, "has been out of keeping with Ukraine's [military] doctrine and naval forces' mission right from the start. It is intended for protecting [another] cruiser or an aircraft carrier in the world ocean." The cruiser's future has yet to be finally decided, because its military doctrine being what it is, Ukraine probably has no business far from its shores, but then the state is in no hurry to sell the cruiser. Ukrainian naval forces, according to the vice admiral, will concentrate on building corvettes — ships with all-purpose armament and crews of 70 to 80. "Such ships will be in a position to perform any missions, and numerically the Ukrainian naval forces will be a fourth that of the Black Sea Fleet," Volodymir Bezkorovaynyy pointed out.

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Belarus

Belarus: Lukashenka Certain Community With Russia To Strengthen

LD1208123296 Moscow INTERFAX in English 1159 GMT 12 Aug 96

[FBIS Transcribed Text] MINSK, August 12 (Interfax-West) — The Moscow meetings of Belarusian President Alyaksandr Lukashenka last week offered grounds for confidence that the Community of Belarus and Russia will strengthen, the Belarusian leader told the press in Minsk after his visit. He said the integration of the two countries was the main subject of his talks with Russian Prime Minister Viktor Chernomyrdin, Head of the Presidential Administration Anatoliy Chubays and other Russian officials.

"It is very important not to lose the historic chance of deepening bilateral integration. There is full understanding on the issue with Chernomyrdin and other Russian leaders," Lukashenka stressed.

He said he discussed for the second time with Foreign Minister Yevgeniy Primakov the initiative of forming a nuclear-free zone in Central and Eastern Europe. Lukashenka first aired this proposal in Minsk on July 3, the anniversary of the liberation of the city from Nazis. The president said the Russian Foreign Ministry fully agrees with his country on the subject.

Lukashenka and Primakov also discussed the coming Belarusian referendum on key matters of government and public life. Lukashenka said Primakov did not name a single argument against the public vote or its questions.

On his Moscow talks with Ukrainian President Leonid Kuchma, Lukashenka said they agreed that Ukraine's $222 million debt will soon be restructured into the foreign debt of that country to Belarus.

The presidents also agreed on property relations concerning a number of facilities in Ukraine. Lukashenka made it understood that health resorts built by Belarusian companies in Ukraine in Soviet times were in question. A total of 26 facilities are expected to become Belarusian property in Ukraine.

The two presidents also discussed the delimitation of the border between their two countries.

Belarus: Prime Minister Involved in Road Accident

LD1208084396 Moscow INTERFAX in English 0756 GMT 12 Aug 96

[FBIS Transcribed Text] MINSK, Aug 12 (Interfax-West) — Belarusian Prime Minister Mikhail Chyhir was involved in a road accident Sunday night.

His chauffeured Mercedes 560, heading towards the government country house where Chyhir is residing with his family, had a headlong collision at 7:35 p.m. on Sunday with a Skoda Favorit driven by director of the Reksyu company on the 28th kilometer of the Minsk ring road. Chyhir's car was badly damaged but neither he nor others involved in the accident were injured. Chyhir's driver and a security officer were in the car.

The Skoda went out of control and drove onto the wrong side of the road. The company director driving the car was accompanied by her husband and eight-year-old son.

The source recalled that Chyhir's previous car, a Mercedes-320, had been stolen and was found by the criminal police in a neighboring country with the engine and body serial numbers changed.

Belarus: Security Secretary Signs Protocol on Cooperation in Moscow

WS1208094996 Minsk BELAPAN in English 0918 GMT 12 Aug 96

[FBIS Transcribed Text] Minsk, 9 August — A delegation of Belarusian Security Council officials led by Viktar Sheyman, Secretary of State at the Council, completed its visit to Moscow on August 8. According to information received, Mr Sheyman had meetings with Aleksandr Lebed, Secretary of the Russian Security Council and Yeltsin's Assistant for National Security; Igor Rodionov, Minister of Defence; Nikolay Kovalev, Director of the Russian Federal Security Service, and Aleksandr Starovoytov, Director of the Federal Agency of Government Communication and Information. During those meetings the parties discussed questions concerning the safeguarding of the Russian and Belarusian security and signed a protocol on cooperation between the Security Councils of the two countries. The protocol envisages information exchange, consultations and the organisation of conferences and seminars on security issues. As Anatol Tozik, First Deputy Secretary of State at the Belarusian Security Council, told a BELAPAN correspondent, the chief of the Belarusian Security Council came to a complete understanding with his Russian counterpart. According to Mr Tozik, the Belarusian party was very content with the results of the visit.

Belarus: President Favors Referendum on Major Problems

LD0908153896 Moscow INTERFAX in English 1521 GMT 9 Aug 96

[FBIS Transcribed Text] MINSK, Aug 9 (Interfax-West) — Belarusian President Alyaksandr Lukashenka

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has proposed that a referendum regarding major problems facing the country and the population be held in Belarus.

Lukashenka on Friday submitted a draft resolution "On holding a nationwide referendum and measures to hold the referendum" for consideration by the Belarusian Supreme Soviet.

The president has proposed that the nationwide referendum be held on November 7 and concern "major problems of the state and public life," a high-ranking official in the Belarusian presidential administration told Interfax.

The president proposed that the parliament put several questions on the ballot paper. In particular, he proposed that voters express their opinion on the possibility of bringing the Day of Belarus' Independence forward from July 27 (the signing of the memorandum on state sovereignty) to July 3 (the date of Minsk's liberation from the Nazis) and approving an amended version of the 1994 constitution (the president will propose a new version of the constitution by mid-September).

"Do you support free sale and purchase of land without limitations?" will be the third question on the ballot paper.

The fourth question will be, "Do you support the abolishment of capital punishment in Belarus?"

The president proposed that the first two questions on the ballot papers be indicated as "compulsory," the same source said, explaining that decisions regarding these two issues will be made on the results of the referendum without further discussion.

Lukashenka said answers to the third and fourth questions might be considered as a recommendation, the same source said.

Belarus: Party Pickets U.S. Embassy To Protest CIA 'Actions'

LD1108125696 Minsk Radio Minsk Network in Belarusian 0300 GMT 11 Aug 96

[FBIS Translated Text] The Belarusian Patriotic Movement [BPM] has mounted pickets at the United States Embassy in Belarus in an action set to continue until 15 August. Around 50 people gathered by the embassy at 1700 on Friday, carrying posters and signs: No to the CIA provocation, and Hands off the Belarusian people and their President.

According to BPM Chairman Anatol Varankevich, the picketing follows statements by Russian Duma deputies and Russian popular- patriotic movements about the CIA's provocative actions designed to discredit and depose the Belarusian president. The CIA wants to create chaos in Belarus. We must not let it happen, Varankevich said.

Along with the action by the U.S. Embassy, several patriots mounted pickets at the United Nations mission in Belarus in order to deliver a petition to Butrus Butrus-Ghali.

The picketing was authorized by the Minsk City Council.

Belarus: Lukashenka Urges Foreign Funds for Chernobyl Research

LD0908125496 Minsk Radio Minsk Network in Belarusian 2050 GMT 8 Aug 96

[FBIS Translated Text] During a recent visit to the Polesye State Radiation Ecology Reserve, Belarusian President Alyaksandr Lukashenka backed local scientists' proposal to attract foreign investment for international environmental research programs in the Chernobyl zone.

For more than 10 years, scientists in many countries have enjoyed free use of the results of their Belarusian colleagues' research into the effects of various doses of radiation, the president noted. But why should Belarusian scientists engage in charity while there is not enough money at home to fund the development of Belarusian science?

Lukashenka instructed Ivan Kenik, minister for emergency situations and protection of the population from the consequences of the Chernobyl catastrophe, to look into the possibility of raising $2 million abroad for joint research at the Polesye State Radiation Ecology Reserve.

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Kazakhstan

Kazakhstan: Almaty, Tehran Require Further Talks on Oil Contract

LD1208102496 Moscow INTERFAX in English 0946 GMT 12 Aug 96

[FBIS Transcribed Text] Almaty, Aug 12 (PIA-INTERFAX) — Kazakhstan and Iran failed to come to terms during talks from August 7 to 10 on the contract for the annual transportation by tanker of 2 million-5 million tonnes of Kazakh oil through the Caspian Sea to northern Iran on the condition of receiving an adequate amount of oil in the Persian Gulf.

Kazakh Deputy Minister for the Oil and Gas Industry Anatoliy Lobayev told the INTERFAX Petroleum Information Agency that the talks will be continued in two weeks. He did not say which particular aspects of the contract are still to be negotiated.

He said at the same time that Iran and Kazakhstan had reached a basic agreement on the 10-year contract. Last May, the Kazakh and Iranian presidents announced this news in Tehran, while the ministers of the oil industry signed a corresponding accord.

According to competent sources, Kazakh state oil company Munaigaz has developed all the technical details of the transportation project, including the scheme of receiving the oil from the Tenghiz oil field in the west of Kazakhstan, the transfer of the oil to reservoirs in the port of Aktau, the mixing of this oil with the oil from the Buzachi oil field and the filling of the tankers.

Munaigaz has been using this scheme for several months in dealing with other partners. Four tankers loaded with 12,000-15,000 tonnes of Tenghiz oil recently departed for Bulgaria.

The source said that Almaty and Tehran continue to discuss the marketing aspects of the contract and oil tariffs. Nevertheless, the transportation of oil is likely to begin in September 1996.

Kazakhstan: Commission Meets on Demarcation of Border With China

LD1108113896 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 8 Aug 96 p 3

[Report: "Demarcation of the Kazakhstan-China Border on the Agenda"]

[FBIS Translated Text] The first meeting of the joint Kazakhstan-China commission on demarcation of the state border took place in Beijing from 29 July to 5 August, the Kazakh Foreign Ministry has announced. This meeting was the official beginning of this work. This demarcation is provided for under Article 4 of the 26 April 1996 agreement between our republic and the People's Republic of China "On the Kazakhstan-China State Border."

The talks were held in a friendly and constructive atmosphere. The sides signed a number of documents relating to joint work on demarcating the state border. They agreed that the second meeting of the joint commission will be held in Almaty at the end of this year.

Deputy Foreign Minister Askar Shakirov led Kazakhstan's delegation at the talks.

Tajikistan

Tajikistan: Clashes Between Government, Opposition Forces Continue

LD1108113796 Voice of Free Tajikistan in Tajik 0600 GMT 10 Aug 96

[FBIS Translated Text] According to the latest reports received from Dushanbe, clashes between the Islamic Movement of Tajikistan and the Dushanbe regime are continuing. The Ministry of Internal Affairs of the Dushanbe regime has also reported that clashes are continuing in Dasht-i Sher, Langar, and (?Burun) villages, and that the regime side is suffering serious defeats.

However, as the press center of the Islamic Movement of Tajikistan reports, the mujaheddin yesterday occupied the Havz-i Kabud area again. The press center of the Islamic Movement of Tajikistan announced this report, quoting commanders Mirzo Ziyo and Jumaboy.

Tajikistan: Minister Claims Foreigners Training Opposition Militants

LD1208091196 Moscow ITAR-TASS in English 0848 GMT 12 Aug 96

[FBIS Transcribed Text] DUSHANBE, August 12 (Itar-Tass) — Regarding preparations made by Tajik opposition armed formations for launching a new offensive, Tajikistan's deputy defence minister Nikolay Scherbatov said, "In the armed oppositions' basic camps, which are located 100 kilometers north-east of the district center of Tavil Dara, the presence of foreign instructors has been observed, who are training militants".

Tajikistan: Armed Clash in Tursunzade Leaves 8 Killed, 7 Wounded

LD1108083096 Moscow INTERFAX in English 0739 GMT 11 Aug 96

[FBIS Transcribed Text] DUSHANBE, Aug 11 (Interfax) — Eight people were killed and seven wounded

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in a clash between illegal armed groupings in the Tajik city of Tursunzade, 60 kilometers to the west of the capital of Dushanbe, during the night of August 9-10, a source in Tajik law enforcement agencies told Interfax on Sunday.

"The armed groupings have not so far been identified," the same source said.

The clash was "just a showdown among the armed groupings which seems to have nothing to do with a political or an inter-ethnic conflict," the same source said.

The situation in Tursunzade remains difficult but is controlled by the police, the same source said.

A group of Tajik Interior Ministry officials went to the city to investigate the armed clash.

The Tajik interior and security ministries have declined to comment on the armed conflict in Tursunzade.

Tajikistan: Rebel Shelling Kills Government Soldier, Injures 13

LD1208084296 Moscow ITAR-TASS in English 0800 GMT 12 Aug 96

[FBIS Transcribed Text] Dushanbe, August 12 (Itar-Tass) — At least one government soldier was killed and another thirteen were wounded as a result of shelling of their positions by militants of the Tajik opposition in the villages of Shorak, Gurum, Langar, Chorsuni-Bolo and Kalan-Khusein during the preceding 24 hours. The district center of Tavil-Dara also came under mortar fire during the past 24 hours, causing casualties among the civilian population, Tajikistan's Defence Ministry said today. It condemned the opposition leaders' unwillingness to resolve the interethnic crisis through peaceful means and putting an end to the fratricidal war.

If provocative actions of the Islamic opposition formations continue, government troops reserve the right to take appropriate measures, the document made public by the Dushanbe administration said. It cited reports of violations of accords reached in Ashgabat by the armed opposition formations.

The statement also emphasized that the government troops still continue to hold their positions, specified in the Ashgabat ceasefire agreement. At the same time, the government troops are taking exclusive reciprocal defensive actions against provocative activities by the armed opposition.

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Armenia

Armenia: OSCE Said To Propose 'Unofficial Independence' to Karabakh

NC0908132796 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0741 GMT 8 Aug 96

["OSCE To Propose Unofficial Independence To Mountainous Karabakh—ARAGIL headline]

[FBIS Transcribed Text] STEPANAKERT ("Azg" daily - RL), 08/08/96 — OSCE spokesperson in Vienna said to a reporter of Radio Liberty that a new project is currently being developed, to be presented to Azerbaijan and Armenia during the regular stage of negotiations, to be held by the end of month.

According to the project, Karabakh will officially remain a part of Azerbaijan, maintaining such independent status equal to official independence. This means that Mountainous Karabakh will be able to have its own army and security forces, its own police. Still, according to this project Mountainous Karabakh will not be able to open its embassies in foreign countries, and foreign countries may not open their embassies in Karabakh. At the same time it is expected that the security can be assured by stationing OSCE international forces in the Lachin corridor. Along with this, NATO and the United States can provide security guarantees to Mountainous Karabakh. At the same time, European Union may provide financial aid for the development of economy in Karabakh and reconstruction of its industry.

Armenia: Fifty People Hospitalized After Typhoid Outbreak

LD0908150996 Moscow ITAR-TASS in English 1402 GMT 9 Aug 96

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN, August 9 (Itar-Tass) — Fifty people have been hospitalised in a recent outbreak of typhoid in the town of Vanadzor in northern Armenia, Health Ministry spokesman Manvel Mankiryan told Itar-Tass on Friday.

The sick have been living in makeshift houses which were built after a devastating earthquake in 1988. They were expected to receive new accommodation within two years after the quake, Mankiryan said.

Due to the fact that the sewerage system in these houses was not properly made, a quantity of sewage mixed up with drinking water, he said.

To solve the problem, it is necessary either to provide the people with new accommodation or to rebuild the sewerage system, according to him.

Azerbaijan

Azerbaijan: Aliyev Supports Military Cooperation With Russia

NC1008150396 Baku TURAN in English 1436 GMT 10 Aug 96

[FBIS Transcribed Text] BAKU/10.08.96/TURAN—During yesterday's meeting in Moscow with the Minister of Defence of Russia Igor Rodionov President Geydar Aliyev spoke about deepening of military co-operation between Azerbaijan and Russia.

Aliyev said that he took all attempts for expansion of close co-operation in the military sphere. He noted that Azerbaijan prefers bilateral relations. President said that for the discussion of the question concerning military co-operation he would send to Moscow the Defence Minister of Azerbaijan Abiyev. General Rodionov also spoke about the interest of Russia in military co-operation with Baku, taking into account an important political-geographic position of Azerbaijan.

Then the meeting was held behind the closed doors.

After the meeting, responding the questions of journalists, Geydar Aliyev said that during the talks issues on bilateral co-operation and the role of the Defence Ministry of Russia in the resolution of the Karabakh conflict had been discussed. According to the president, the Defence Ministry of Russia is able to affect the peaceful resolution of the problem as Russia has with Armenia an agreement on military co-operation and has military bases at its territory. Aliyev briefed the Russian Minister about the position of Azerbaijan in the question of participation in the treaty on collective security of the CIS.

Aliyev expressed concern about the situation in Chechnya and refuted the information about participation of Azerbaijan in those events. The President wished soon resolution of the problem, in particular, opening of routes going through this region.

In the whole, Geydar Aliyev assesses the meeting with the General Rodionov as very useful.

Responding the question on tough position of the former Defence Minister Grachev towards Azerbaijan the president said that, may be due to some reasons and due to his personal relations Grachev kept to wrong position.

"Of course, somebody may keep to tough position towards Azerbaijan. But we are a sovereign state and it is not possible to make an influence on us by tough position," Aliyev said.

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Georgia

Georgia: Abkhaz Leader Gagulia Holds Talks With U.S. Diplomat

LD1008111196 Sukhumi Republic of Abkhazia Radio in Georgian 0350 GMT 10 Aug 96

[FBIS Translated Excerpt] Gennadiy Gagulia, prime minister of the Republic of Abkhazia, met on 7 August with Larry Kerr, U.S. deputy ambassador to Georgia, who was on a two-day visit to Abkhazia. [passage omitted]

The meeting focused on the economic situation in Abkhazia under the economic embargo imposed on the republic and the ways to settle the Abkhaz-Georgian conflict politically. Mr. Kerr admitted that the embargo, which had been imposed on Abkhazia by the international community, was a means of coercion on Abkhazia in order to have other political problems resolved. The opinions of Gennadiy Gagulia and Larry Kerr concurred when they said that the problem of Abkhazia could be resolved only by peaceful means. The head of the Abkhaz government handed the U.S. deputy ambassador a letter addressed to the U.S. embassy [in Georgia].

Other issue were also discussed at the meeting which was conducted in an atmosphere of sincerity. [passage omitted]

Georgia: Shevardnadze Issues Statement on Conflicts in Caucasus

LD1108223496 Tbilisi Radio Tbilisi Network in Georgian 1850 GMT 11 Aug 96

[Announcer-read "statement" by Georgian President Eduard Shevardnadze]

[FBIS Translated Text] The war continues in Groznyy. Blood is being spilt. The Russian president declared 10 August a day of mourning. But there is mourning not only in Russia. In Georgia too, there is mourning for the killed Russians and Chechens.

It is alarming that dark clouds have again been gathering in the skies of the Caucasus. Despite certain progress, the fundamental questions of the Georgian-Abkhaz conflict remain unresolved. There has been no tangible improvement in the settlement of the conflict in Abkhazia, Georgia. Fraternal peoples of the Caucasus are still concerned about the Nagornyy Karabakh problem. It would be naive to think that these conflicts had nothing in common and that they could be settled in isolation, without joining forces. Considering the genesis of conflicts in the Caucasus, one can find a lot in common with the legacy of the previous system and the grave errors of today. [sentence as heard]

In particular, I have said more than once and will repeat that had there not been the genocide of Georgians in Abkhazia by thousands, tens of thousands of paramilitaries who were citizens of foreign states, the tragedy of Chechnya would not have happened. Some strategists predicted with absolute precision the day when Sukhumi would fall, but they failed to consider that the iceberg has its own laws of motion [as received] and that those events would rebound like a boomerang and lead to tens of thousands of casualties.

The pain of Chechnya and the whole of Russia is our pain too. Georgia has done its best to ensure peace on the section of the Russia-Georgia border which separates our country from Chechnya. This was best for Russia, the Chechens and other peoples of the Caucasus.

The Caucasus peoples' feeling of joint responsibility brought us together in Kislovodsk. By taking part in that meeting Russian President Boris Yeltsin turned the "Peaceful Caucasus" theme into part of his election manifesto. The first encouraging results followed shortly. We could feel the full power and endless potential of the Caucasus peace factor, which has developed as a result of a most complex process of coexistence between our peoples over centuries. Unfortunately, events of the last few days in Groznyy and other parts of Chechnya have called into question the future of the Kislovodsk agreements. We must not forget that the conflict has already metastasized. We must also remember that in the event of even slight complications this metastasis will lead to new incurable tumours. That is why we must hurry and not put off until tomorrow things that need to be done today.

We are grateful to Russian politicians and diplomats for their active involvement in the settlement of the conflicts in Georgia and to the peacekeeping forces, especially in Tskhinvali [in South Ossetia], for the positive role they are playing. To think that conflicts in the Caucasus could be quickly settled without Russia would be an illusion, and everyone must understand that.

We are grateful to the UN Security Council for its resolutions, for the decisions it has implemented, for its categorical demands for the return of refugees and for protecting Georgia's interests as regards its territorial integrity. I thank the OSCE summit in Budapest for condemning the ethnic cleansing in Abkhazia. The strong support of CIS states on essential issues concerning the settlement of the conflict in Abkhazia was very important, as was the condemnation of aggressive separatism as a phenomenon totally inadmissible and unacceptable to member states of our international regional organization. In building a new, democratic and single state, we can feel the unswerving support of Georgia's friends. It

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is important that the government of Turkey has actively supported the latest Security Council resolution, stressing the importance for the region of the preservation of Georgia's territorial integrity.

Bearing in mind the great responsibility of peoples of the Caucasus for overall stability and in the fight for a peaceful Caucasus, I address Ludvig Chibirov [South Ossetian leader]: Let us meet in the next few days and determine how we will live today and tomorrow and how to revive the centuries-long traditions of coexistence between our people. However, the necessary condition for a meeting is that we should not create such a foggy atmosphere that we will find it hard to follow each other. Those who want to understand it will do so.

I address Vladislav Ardzinba [Abkhaz separatist leader], everyone in his camp, people who remain in Abkhazia, including all Abkhaz people. There has been more than enough time for thought and consideration. What is the lesson? Thousands of people have been executed or killed, tens of thousands of houses have been burned, there are 300,000 refugees, some of the best Abkhaz and Georgian young people fell victim to the war. The blood of innocent people and the expulsion of tens of thousands of families from their homes will bring happiness to no one.

I am not trying to either lecture anyone or engage in moralizing. God forbid it. The world has changed. The laws of coexistence between states and peoples have changed. Instability in one region sounds the alarm bells in the whole world. The example of former Yugoslavia is a good lesson. People are starting to live in conditions of a different, new order. The bloodless end to the Cold War has changed the way we think about wars and their winners. At the present time, a military victory gained at the cost of blood and the expulsion of people from their homes amounts to defeat and the flouting of the universal principles of morality. No one will be able to draw a different picture of the winners and cultivate their new image.

I will tell you frankly that, not to mention anyone else, Russia will never reconcile itself to the fragmentation of Georgia. It does not suit its strategic interests. Our big neighbor will not consider even the theoretical possibility of Abkhazia becoming its part. To Russia, which is a permanent member of the Security Council, this would be totally unacceptable.

I have said more than once and will repeat now that at various times and stages, the Georgian authorities made grave errors. This concerns relations with the Abkhaz, Ossetians, and others. By the way, this primarily concerns Georgians themselves. Much of what we are suffering from now has been our own fault. This is another lesson of history.

Georgians and Abkhaz will only be happy if they live together. I am ready to use all my experience and potential to lay the foundation of this happy future and to build it. I am ready to meet Vladislav Ardzinba in the near future, as well as his representatives. But I need to be convinced that there has been the appropriate preparation and that positive results will be achieved. I have already had talks with him in Gudauta. I am ready to meet him in any part of Georgia, including Abkhazia.

And finally, I am sure that by resolving the Georgian-Ossetian conflict and achieving fundamental progress in the settlement of the conflict in Abkhazia I will contribute to the easing of the Chechen conflict, the speeding up of the solution of the Karabakh problem and, generally, to the great cause of building a peaceful and prosperous Caucasus.

Georgia: Shevardnadze Congratulates Chernomyrdin on Reappointment

LD1108165196 Moscow ITAR-TASS in English 1601 GMT 11 Aug 96

[By Tengiz Pachkoriya]

[FBIS Transcribed Text] TBILISI, August 11 (Itar-Tass) — Georgian President Eduard Shevardnadze said he was sure Russian Prime Minister Viktor Chernomyrdin would spare no effort to strengthen and develop bilateral cooperation, Shevardnadze's press service said in a statement on Sunday.

"I am sure Viktor Chernomyrdin will do his best to strengthen and develop fruitful cooperation between Russia and Georgia," Shevardnadze said in a message to Chernomyrdin after his reappointment as Prime Minister.

"The trust which you received today is a sign of acknowledgement of your indubitable merits in the toughest job of reforming Russia's economy," the message said.

The Georgian leader wished him more success as head of the Russian government, according to the press service.

Georgia: Shevardnadze Hails Recent Army Exercise as 'Landmark'

LD1008200796 Tbilisi Radio Tbilisi Network in Georgian 1850 GMT 10 Aug 96

[FBIS Translated Text] From the viewpoint of its scale and the quality of performance, the military staff exercise of the Georgian Ministry of Defense in Senaki

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was a landmark in building the Georgian Armed Forces. That is how Georgian President Eduard Shevardnadze described the results of the military maneuvers held from 5-7 August, while speaking at a meeting with members of the Georgian Defense Ministry collegium and participants in the exercise.

At the meeting, Georgian Defense Minister Vardiko Nadibaidze presented a detailed report on the military staff exercise. Minister of State Niko Lekishvili and Nugzar Sajaia, the Georgian president's national security aide, also gave the president their assessment of the exercise. The common opinion was that the exercise had proceeded rather well and had clearly shown that Georgia had an army capable of tackling serious problems facing the country.

The president drew the attention of participants in the meeting to the fact that guaranteed stability in Georgia, an important transit country, was in the strategic interests of other states as well. Therefore, to earn the reputation as a serious trading partner Georgia needed reputable Armed Forces to guarantee stability.

Georgia: Foreign Ministry Issues Statement on Military Exercises

LD0808152896 Tbilisi SAKINFORM in Russian 1330 GMT 8 Aug 96

[FBIS Translated Text] The Georgian Ministry of Foreign Affairs has made a statement in connection with field exercises conducted by the Georgian Defense Ministry detachments in Senaki District on 6-7 August. The statement says, in particular: "The military exercises, which generally are the approved and most useful means of developing an army, have been conducted in line with planned and consistent building of the Georgian Armed Forces. In addition, the exercises conducted in western Georgia have had an objective to assure the local population of the region, as well as refugees from Abkhazia residing temporarily in the area, that the Georgian Army is capable of safeguarding their security and ensuring the defense potential of the country. This has a major significance at the moment because no agreement has been reached so far on the introduction of changes in the mandate of the [Russian] peacekeeping forces as proposed by the Georgia side, which may eventually lead to raising the issue of withdrawing the forces from the conflict zone."

Georgia: Shevardnadze Praises Moscow Talks With Rodionov

LD1008161996 Tbilisi BGI in Russian 1325 GMT 10 Aug 96

[FBIS Translated Text] The inauguration celebrations in Moscow have reaffirmed that Russia was and remains a great power, Georgian President Eduard Shevardnadze told journalists aboard a plane on his way back from Moscow yesterday. He said that the whole course of the celebrations had revealed the historic nature of the occasion. The question that had to be decided by the elections was as crucial as the one after the October Revolution: who will get the upper hand? Democracy prevailed this time, the Georgian president said, adding that this was a historic event.

Eduard Shevardnadze said that he was rather pleased with his conversation in Moscow with Russian Defense Minister Igor Rodionov. He said it seemed that constructive relations were developing between himself and Rodionov, as well as with Russia's other top generals, whose attitude to Georgia has not always been benevolent.

I would like to believe that South Ossetian leader Ludvig Chibirov's remarks concerning the reunification of North and South Ossetia, published in the NEZAVISIMAYA GAZETA, were wrongly attributed to him by journalists, Eduard Shevardnadze said. He said that Ludvig Chibirov left the impression of a clever and serious person and the remarks in the interview did not fit in with that image at all. I do not think, the Georgian president said, that a person like Ludvig Chibirov could be nourishing such unreal illusions.

The Abkhaz leaders must understand that Abkhazia's existence as an independent state is a total illusion, Eduard Shevardnadze said. He also described as illusory the hopes of some leaders of Abkhazia that it will become part of Russia, especially since, according to Shevardnadze, the Russian leadership did not hide its absolutely negative attitude to this idea.

Georgia: Primakov Clarifies Russian Stance on Abkhazia

LD1108100496 Tbilisi Radio Tbilisi Network in Georgian 0600 GMT 11 Aug 96

[FBIS Translated Excerpt] Vakhtang Abashidze, the press secretary of the Georgian president, has held a briefing at the State Chancellery. [passage omitted]

Abashidze told journalists that a meeting was held in Moscow between Georgian President Eduard Shevardnadze and Russian Foreign Affairs Minister Yevgeniy Primakov. The authorities believe that the renewal of the

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mandate for Russian peacekeeping forces creates advantageous conditions for regulating the process of refugees returning to Abkhazia. The renewed mandate stipulates some changes. In particular, the Russian peacekeeping forces will be withdrawn from Gali District if their activities fail to satisfy either one of the sides.

Russia's stance towards Abkhazia has been made clear during the meeting between Shevardnadze and Primakov. The Abkhaz illusion of creating an independent state or becoming part of Russia is absurd and runs counter to Russia's interests, Primakov said.

As far as the event of week, the inauguration of the Russian president, is concerned, Abashidze quoted Eduard Shevardnadze as saying that it was an inauguration befitting a superpower.

Eduard Shevardnadze held spontaneous and useful meetings in Moscow, Abashidze said. Key issues were discussed at Shevardnadze's meeting with Yeltsin and, as Shevardnadze himself said, his meeting with Russian Defence Minister Igor Rodionov was rather timely.

A planned agreement on transit to be signed by Ukraine, Georgia and Azerbaijan was discussed at Shevardnadze's meeting with Ukrainian President Leonid Kuchma. Visits to Georgia of the president of Kazakhstan, Nursultan Nazarbayev, and the Ukrainian prime minister [Pavlo Nazarenko] are being prepared, Abashidze said. [passage omitted]

A statement by [South Osetian leader] Ludvig Chibirov on the unification of two Osetias published in the press was regarded as absurd by the Russian Ministry of Foreign Affairs, Abashidze said and added that Eduard Shevardnadze regarded it as an ambiguity and an absolutely illogical statement. According to Abashidze, a meeting between Shevardnadze and Chibirov has been scheduled for 15 August.

Georgia: Curfew in South Ossetia Extended Until Oct

LD1008123896 Tbilisi CONTACT INFORMATION AGENCY in Georgian 1140 GMT 10 Aug 96

[FBIS Translated Text] Tskhinvali — Ludvig Chibirov, chairman of the South Ossetian Supreme Council, has issued an order stipulating an extension of the curfew in the region until 1 October 1996, and an intensification in the fight against crime. The curfew is limited to the time between midnight and 0500.

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